

1	BEFORE THE		
2	ILLINOIS COMMERCE COMMISSION		
3	CENTRAL ILLINOIS LIGHT COMPANY	)	DOCKET NO.
4	d/b/a AmerenCILCO	)	07-0585
5)	
6	Proposed general increase in)	
7	electric delivery service rates.)	
8)	
9	CENTRAL ILLINOIS PUBLIC SERVICE	)	DOCKET NO.
10	COMPANY d/b/a AmerenCIPS	)	07-0586
11)	
12	Proposed general increase in)	
13	electric delivery service rates.)	
14)	
15	ILLINOIS POWER COMPANY d/b/a	)	DOCKET NO.
16	AmerenIP	)	07-0587
17)	
18	Proposed general increase in)	
19	electric delivery service rates.)	
20)	
21	CENTRAL ILLINOIS LIGHT COMPANY	)	DOCKET NO.
22	d/b/a AmerenCILCO	)	07-0588
)	
	Proposed general increase in gas)	
	delivery service rates.)	
)	
	CENTRAL ILLINOIS PUBLIC SERVICE	)	DOCKET NO.
	COMPANY d/b/a AmerenCIPS	)	07-0589
)	
	Proposed general increase in gas)	
	delivery service rates.)	
)	
	ILLINOIS POWER COMPANY d/b/a	)	DOCKET NO.
	AmerenIP	)	07-0590
)	
	Proposed general increase in gas)	
	delivery service rates.)	
)	
	Springfield, Illinois		
	Thursday, June 12, 2008		

1 Met, pursuant to notice, at 9:00 a.m.

2 BEFORE:

3 MR. JOHN ALBERS, Administrative Law Judge
4 MR. J. STEPHEN YODER, Administrative Law Judge
5 MS. LISA TAPIA, Administrative Law Judge

5 APPEARANCES:

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20 (Appearing on behalf of
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(Appearing on behalf of
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1 APPEARANCES: (Continued)

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8 (Appearing on behalf of Staff
9 witnesses of the Illinois
10 Commerce Commission)

11 MR. RICHARD C. BALOUGH
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13 53 West Jackson Boulevard, Suite 936
14 Chicago, Illinois 60604

15 (Appearing on behalf of the
16 Cities of Champaign, Urbana,
17 Decatur, Bloomington,
18 Monticello and the Town of
19 Normal)

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 (Appearing on behalf of the
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 Illinois)

1	WITNESS	<u>I N D E X</u>		<u>REDIRECT</u>	<u>RECROSS</u>
		<u>DIRECT</u>	<u>CROSS</u>		
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18	ICC Staff 5.0	E-Docket	870
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19	ICC Staff 9.0R	E-Docket	867
	ICC Staff 10.0	E-Docket	1029
20	ICC Staff 14.0	E-Docket	938
	ICC Staff 17.0, 17.1	E-Docket	870
21	ICC Staff 20.0	E-Docket	967
	ICC Staff 21.0, 21.1	E-Docket	867
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1

EXHIBITS

2

MARKED

ADMITTED

3 Ameren Cross Everson 1

895

941

Ameren Cross Everson 2

906

941

4 Ameren Cross Everson 3

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Ameren Cross Everson 4

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5 Ameren Cross Everson 5

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Ameren Cross Everson 6

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6 Ameren Cross Everson 7

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Ameren Cross Everson 8

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7 Ameren Cross Everson 9

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8 Ameren Rockrohr Cross 1

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Ameren Rockrohr Cross 2

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1 PROCEEDINGS

2 JUDGE ALBERS: By the authority vested in me by
3 the Illinois Commerce Commission, I now call Docket
4 Nos. 07-0585 through and including 07-0590.

5 This proceeding concerns the proposed
6 general increase in rates submitted by Central
7 Illinois Light Company d/b/a AmerenCILCO, Central
8 Illinois Public Service Company d/b/a AmerenCIPS and
9 Illinois Power Company d/b/a AmerenIP.

10 May I have the appearances for the
11 record, please.

12 MR. CASEY: On behalf of the Company, Phillip
13 A. Casey, Sonnenschein, Nath & Rosenthal, 233 South
14 Wacker Drive, Suite 7800, Chicago, Illinois, 60606.

15 MR. TOMC: On behalf of the Company, Matthew R.
16 Tomc, Edward Fitzhenry, 1901 Chouteau Avenue, St.
17 Louis, Missouri.

18 MR. FLYNN: Also on behalf of the Company,
19 Christopher W. Flynn and Albert Sturtevant, Jones
20 Day, 77 West Wacker, Suite 3500, Chicago, Illinois,
21 60601.

22 MR. ROBERTSON: Eric Robertson; Lueders,

1 Robertson & Konzen, and Conrad Reddick on behalf of
2 the Illinois Industrial Energy Consumers.

3 MR. OLIVERO: Appearing on behalf of the Staff
4 Witnesses of the Illinois Commerce Commission, Janice
5 Von Qualen, Linda Buell and James Olivero, 527 East
6 Capitol Avenue, Springfield, Illinois.

7 MR. MOSSOS: On behalf of the People of the
8 State of Illinois, Elias Mossos, 100 West Randolph
9 Street, Chicago, Illinois, 60601.

10 MR. BALOUGH: Good morning, Your Honors.

11 Appearing on behalf of the Cities of
12 Champaign/Urbana, Decatur, Bloomington, Monticello
13 and the Town of Normal, Richard C. Balough, 53 West
14 Jackson Boulevard, Suite 936, Chicago, Illinois,
15 60604.

16 JUDGE ALBERS: Any others?

17 Let the record show no response.

18 Any preliminary matters before we turn
19 to our first witness?

20 Seeing or hearing none, we'll move on.

21 I'll go ahead as one preliminary matter
22 swear in all of the witnesses who are stated to

1 testify today.

2 So, if you are supposed to testify,
3 please stand and raise your right hand and I'll swear
4 you in.

5 (Wherein, Judge Albers swore
6 in the witnesses at this
7 time.)

8 JUDGE ALBERS: With that, Mr. Casey.

9 MR. CASEY: Thank you, Your Honor.

10 At this time, the Company would call
11 Philip Hancer.

12 PHILIP HANCER
13 called as a witness on behalf of Ameren Services
14 Company, having been first duly sworn, was examined
15 and testified as follows:

16 DIRECT EXAMINATION

17 QUESTIONS BY MR. CASEY:

18 Q. Can you please state your name and spell
19 your first name and provide us with your business
20 address?

21 A. I'm Philip, P-H-I-L-I-P, Q. Hancer,
22 H-A-N-C-E-R. And my business address is Rattle

1 Group, 44 Rattle Street, Cambridge, Massachusetts,
2 02128.

3 Q. And did you prepare testimony for this
4 proceeding?

5 A. Yes, I did.

6 Q. In all that testimony, you prepared
7 AmerenCILCO 17.0G, AmerenIP 17.0G, AmerenCIPS 17.0G,
8 the direct testimony of Philip Q. Hancer; is that
9 correct?

10 A. Yes.

11 Q. And were there also attached to that series
12 or to those direct testimonies attachments or
13 exhibits identified as 17.1G through 17.3G?

14 A. Yes.

15 Q. And if I were to ask you the questions
16 contained in those testimonies, would your answers
17 be -- excuse me.

18 Are the answers contained therein true
19 and accurate to the best of your knowledge?

20 A. Yes.

21 MR. CASEY: At this time, Your Honors, I would
22 ask for the admission of direct testimonies of Philip

1 Q. Hancer subject to cross-examination.

2 JUDGE ALBERS: We'll rule on admissibility
3 following cross.

4 Mr. Mossos.

5 CROSS-EXAMINATION

6 QUESTIONS BY MR. MOSSOS:

7 Q. Good morning, Mr. Hancer. My name is
8 Alias Mossos and I represent the People of the State
9 of Illinois. And I would like to direct your
10 attention to Page 18 of your testimony where I
11 believe you make some observations about the effect
12 of reduced revenues for energy efficiency programs.

13 A. Do you have a specific line?

14 Q. No. I just have some general questions.

15 A. Okay.

16 Q. First question is, you haven't conducted
17 any sort of study examining the Ameren gas delivery
18 service customer base, have you, to determine
19 estimated participation in a proposed 4 to 6.5
20 billion dollar Ameren energy efficiency program?

21 A. No.

22 Q. And have the exact programs to be presented

1 by Ameren even been designed yet?

2 A. Not that I know of.

3 Q. You are not and have not been involved in
4 the design of the anticipated Ameren energy
5 efficiency programs, have you?

6 A. No, I have not.

7 Q. And at Line 377 on Page 18, you state that
8 energy efficiency induced sales reductions undermine
9 a utility's ability to earn the revenues necessary to
10 recover its fixed costs.

11 Do you see that?

12 A. Yes, I do.

13 Q. Now, in making that statement, did you
14 perform your own review of AmerenIP's gas delivery
15 service fixed cost?

16 A. No.

17 Q. And did you perform your own review of
18 AmerenCILCO's gas delivery service fixed cost?

19 A. No.

20 Q. Did you perform your own review of
21 AmerenCIPS's gas delivery service fixed cost?

22 A. No.

1 Q. Did you perform your own analysis of
2 Ameren's customer numbers to see if increases in the
3 number of customers would offset per customer
4 reductions associated with energy efficiency
5 programs?

6 A. No, I did not.

7 Q. And turning your attention to Page 17 of
8 your testimony, you mention the number of states that
9 currently have decoupling?

10 A. Yes.

11 Q. It's true, isn't it, that there are a
12 number of states with gas delivery utilities that
13 offer energy efficiency programs but have no
14 decoupling rider; is that correct?

15 A. Yes.

16 Q. You also argue that decoupling will remove
17 the utilities disincentive to provide an energy
18 efficiency program.

19 Are you aware that in Illinois, electric
20 delivery service utilities are required to provide an
21 energy efficiency program without decoupling?

22 A. Yes.

1 Q. And you haven't examined whether the
2 incentives that Ameren customers have to participate
3 in energy efficiency programs will be negatively
4 affected by the existence of a decoupling rider, have
5 you?

6 A. No, I have not.

7 MR. MOSSOS: Those are all the questions I
8 have. Thank you.

9 JUDGE ALBERS: Thank you, Mr. Mossos.

10 Anyone else?

11 Any redirect?

12 MR. CASEY: No redirect.

13 JUDGE ALBERS: Thank you, Mr. Hancer.

14 If there is no objection, then, CILCO
15 Exhibits 17.0 through 17.3G are admitted, CIPS
16 Exhibits 17.0 through 17.3G are admitted and IP
17 Exhibits 17.0 through 17.3G are admitted.

18 (Wherein, CILCO Exhibits
19 17.0 through 17.3G, CIPS
20 Exhibits 17.0 through 17.3G
21 and IP Exhibits 17.0
22 through 17.3G are admitted

1 into the record at this time.)

2 JUDGE ALBERS: Our next witness will be Mr.

3 Rubin.

4 Let me swear in Mr. Rubin.

5 (Wherein, Judge Albers swore

6 in Scott Rubin at this

7 time.)

8 SCOTT J. RUBIN

9 called as a witness on behalf of the People of the
10 State of Illinois, having been first duly sworn, was
11 examined and testified as follows:

12 DIRECT EXAMINATION

13 QUESTIONS BY MR. MOSSOS:

14 Q. Good morning, Mr. Rubin.

15 Could you please state your name for the
16 record, please?

17 A. Scott J. Rubin, R-U-B-I-N.

18 Q. And what is your business address?

19 A. 333 Oak Lane, Bloomsburg, Pennsylvania.

20 Q. And by whom are you employed?

21 A. I'm self-employed.

22 Q. I have what's been marked as the direct

1 testimony of Scott J. Rubin marked for identification
2 as AG Exhibit 3.0 with accompanying Exhibits 3.01 and
3 3.02 that was filed on March 14, 2008.

4 Did you prepare and direct the
5 preparation of that testimony?

6 A. Yes, I did.

7 Q. And did you prepare what's been labeled as
8 the rebuttal testimony of Scott J. Rubin, AG Exhibit
9 6.0, that was filed on May 14, 2008?

10 A. Yes.

11 Q. If you were asked the questions contained
12 in your testimony today, would your answers be the
13 same?

14 A. Yes, they would.

15 Q. And is the information contained in your
16 testimony and attached exhibits and schedules true
17 and correct to the best of your knowledge and belief?

18 A. Yes.

19 MR. MOSSOS: Your Honor, we would move
20 Mr. Rubin's testimony and accompanying exhibits into
21 evidence at this time subject to cross-examination.

22 JUDGE ALBERS: All right. We'll rule on

1 admissibility following cross.

2 Mr. Robertson.

3 MR. ROBERTSON: Thank you.

4 CROSS-EXAMINATION

5 QUESTIONS BY MR. ROBERTSON:

6 Q. Good morning, Mr. Rubin. This is Eric
7 Robertson.

8 A. Good morning.

9 Q. I represent the Illinois Industrial Energy
10 Consumers. And you and I met in the ComEd case.

11 And I wanted to ask whether or not -- the last
12 time I asked you the question, the answer was no. I
13 assume it is still no.

14 You are not an engineer; is that
15 correct?

16 A. That is correct.

17 Q. All right. Now, I would like to refer you
18 to Page 6 of your rebuttal testimony.

19 A. Yes, I have it.

20 Q. You discuss an article therein entitled,
21 Charging For Distribution Utility Services Issues and
22 Rate Design; is that correct?

1 A. Yes.

2 Q. Now, would you agree, subject to check,
3 that in the last paragraph of the acknowledgment
4 section of that paper reads as follows; lastly, this
5 report was prepared by the Regulatory Assistance
6 Project for the National Association of Regulatory
7 Utility Commissioners under a grant from the Energy
8 Foundation; the views and opinions expressed herein
9 are strictly those of the authors and may not
10 necessarily agree with, state or reflect the
11 positions of the Energy Foundation or those who
12 commented on the paper during this drafting?

13 A. I believe you read that correctly, yes.

14 MR. ROBERTSON: I have no further questions.

15 Thank you.

16 JUDGE ALBERS: Any others?

17 Hearing no others, is there any
18 objection to the exhibits?

19 Hearing no objections, AG Exhibit 3.01
20 through 3.02 and AG Exhibit 6.0 are admitted.

21 (Wherein, AG Exhibit 3.0,
22 3.01, 3.02 and AG Exhibit

1 6.0 are admitted into the
2 record at this time.)
3 JUDGE ALBERS: Thank you, Mr. Rubin.
4 (WHEREIN, a break was
5 taken at this time.)
6 JUDGE TAPIA: Mr. Casey, you may call your next
7 witness.
8 MR. CASEY: Thank you, Your Honor.
9 I call Dr. Mary Batcher.
10 MARY BATCHER
11 called as a witness on behalf of the Ameren Utilities
12 Company, having been first duly sworn, was examined
13 and testified as follows:
14 DIRECT EXAMINATION
15 QUESTIONS BY MR. CASEY:
16 Q. Doctor, would you please state your name
17 and business address, please?
18 A. Mary K. Batcher, B-A-T-C-H-E-R.
19 Q. And did you prepare testimony of --
20 A. I didn't give the address.
21 Q. Sorry. I'm on a role.
22 A. 1101 New York Avenue Northwest, Washington,

1 D.C., 20005.

2 Q. Is that it?

3 A. That's it.

4 Q. Did you prepare testimony, both rebuttal
5 and surrebuttal in this proceeding?

6 A. Yes, I did.

7 Q. And those testimonies are identified as
8 Ameren Exhibit 40.0, the rebuttal testimony of Dr.
9 Mary Batcher and attached thereto are Exhibits 40.1
10 through 40.4; is that correct?

11 A. Yes.

12 Q. And did you prepare Ameren Exhibit 64.0,
13 the surrebuttal testimony of Dr. Mary Batcher and
14 attached thereto Exhibit 64.1?

15 A. Yes, I did.

16 Q. And are the answers contained therein true
17 and accurate to the best of your knowledge?

18 A. Yes, they are.

19 MR. CASEY: Your Honors, I've been informed
20 that the only party that had cross-examination for
21 Dr. Batcher was Staff. And this morning Staff
22 advised they did not have cross.

1 Since Dr. Batcher flew in as opposed to
2 doing an affidavit, we just put her on and asked for
3 admission of her testimony.

4 JUDGE TAPIA: Thank you, Mr. Casey.

5 Is there any objection to the
6 admission -- did you move to admit?

7 MR. CASEY: 40.0, Exhibits 40.1 through 40.4,
8 and surrebuttal testimony, 64.0 with an attachment,
9 64.1.

10 JUDGE TAPIA: Thank you, Mr. Casey.

11 Is there any objection to the
12 admission of Dr. Batcher's testimony, rebuttal 40.0
13 with attachments and surrebuttal 54.0 with
14 attachments?

15 MR. CASEY: 64.0, Your Honor.

16 JUDGE TAPIA: 64.0.

17 Hearing no objection, they will be
18 admitted into evidence.

19 MR. CASEY: Thank you, Your Honor.

20 Thank you, Dr. Batcher.

21 (Wherein, Ameren Exhibit
22 40.0, 40.1, 40.2, 40.3,

1 40.4, 64.0 and 64.1 are
2 entered into the record at
3 this time.)

4 JUDGE TAPIA: Ms. Hughes, were you sworn in?

5 MS. HUGHES: Yes, I was.

6 NANCY HELLER HUGHES
7 called as a witness on behalf of the Cities of
8 Champaign, Decatur, Bloomington, Monticello and the
9 Town of Normal, having been first duly sworn, was
10 examined and testified as follows:

11 DIRECT EXAMINATION

12 QUESTIONS BY MR. BALOUGH:

13 Q. Would you state your name and business
14 address for the record, please?

15 A. Yes. My name is Nancy Heller Hughes.
16 Heller is H-E-L-L-E-R. Hughes is H-U-G-H-E-S. My
17 business is -- I work for the firm R.W. Beck, Inc.,
18 and the address 1001 4th Avenue, Suite 2500, Seattle,
19 Washington, 98154.

20 Q. Ms. Hughes, did you prepare what was filed
21 on e-Docket on March 14, 2008 and identified as
22 Cities Exhibit 1.0, direct testimony of Nancy Heller

1 Hughes, along with Attachments NHH-1 through 5?

2 A. Yes.

3 Q. And did you prepare what was filed on
4 e-Docket on May 14th, 2008 -- the testimony was dated
5 May 13, 2008 -- the rebuttal testimony along with
6 Attachment NHH-1R?

7 A. Yes.

8 MR. BALOUGH: Your Honor, I'd like to note that
9 when we filed the rebuttal testimony, we did not put
10 on it an exhibit number. So, if you desire, we can
11 file a corrected exhibit probably on Monday putting
12 the Cities Exhibit 2.0 on it.

13 Or we can just leave it the way it is.
14 It's whatever you would like.

15 JUDGE TAPIA: If you identify it today with the
16 exhibit number, we'll go ahead and do that.

17 MR. BALOUGH: We would have that marked as
18 Cities 2.0, the rebuttal testimony.

19 JUDGE TAPIA: So the rebuttal testimony will be
20 2.0.

21 And what about the direct testimony?

22 MR. BALOUGH: The direct testimony is already

1 marked as Cities Exhibit 1.0.

2 JUDGE TAPIA: Okay.

3 BY MR. BALOUGH:

4 Q. Ms. Hughes, if I were to ask you those
5 questions today under oath, would your answers be the
6 same?

7 A. Yes.

8 Q. And were the exhibits that are attached to
9 your testimony prepared by you or under your
10 supervision?

11 A. Yes, they were.

12 MR. BALOUGH: Your Honors, I would offer Cities
13 Exhibit 1.0 with attachments and Cities Exhibit 2.0
14 with its attachments, as well, subject to
15 cross-examination.

16 JUDGE TAPIA: Thank you, Mr. Balough.

17 We will rule on the admissibility
18 after the cross-examination.

19 Is there cross?

20 MR. TOMC: Your Honor, I do have a few
21 questions for Ms. Hughes.

22 JUDGE ALBERS: Thank you, Mr. Tomc.

1 CROSS-EXAMINATION

2 QUESTIONS BY MR. TOMC:

3 Q. Good morning, Ms. Hughes.

4 A. Good morning.

5 Q. My name is Matt Tomc and I represent the
6 Ameren Illinois Utilities in these proceedings.

7 I do have a few questions for you this
8 morning about your testimony and your position that
9 your clients have taken in this case.

10 First, I would refer you to Page 1 of
11 your testimony. Starting on Line 18, you identify
12 your qualifications as an expert witness. And I
13 would specifically draw your attention to Line 21
14 through 23.

15 And there, you indicate you have
16 testified before state and federal regulatory
17 commissions, as well as courts of law, and you
18 indicate you have prepared revenue requirement cost
19 of service and rate design studies.

20 In that identification of what you
21 testified before, I believe that you've identified
22 the three main steps in rate making in the revenue

1 requirement cost of service and rate design
2 development.

3 Would you agree with me?

4 A. I'm not sure what the question is.

5 Q. Okay. Let me rephrase.

6 In a rate case, typically a state or
7 federal regulatory commission, Federal Energy
8 Regulatory Commission would first establish a revenue
9 requirement, and then it would examine class cost of
10 service study prepared by the Company and
11 intervenors. And then, finally, it would adjudicate
12 the actual rate and the rate design.

13 Would you agree with that
14 characterization?

15 A. Yes, I would.

16 Q. In this particular proceeding, the revenue
17 requirement that has been advanced by the Company is
18 not the main focus of your testimony; would that be a
19 fair characterization?

20 A. True.

21 The revenue requirement is a certain
22 focus of the proceeding, but my issue is how that

1 revenue requirement is allocated to the customer
2 classes.

3 Q. So would it be fair to say that your
4 testimony more properly covers the area of rate
5 design, as well as class cost of service in terms of
6 the steps involved in the rate making process in this
7 case?

8 A. Yes.

9 My testimony does not make any
10 adjustments to the overall revenue.

11 Q. In this particular proceeding, would you
12 agree with me that Ameren did file as part of its --
13 Part 285 Schedules, a class cost of service study?

14 A. Yes.

15 There was some confusion early on
16 because the class cost of service study that was
17 filed had a 2004 date on it. And so that's what I
18 was referring to in my direct testimony.

19 In Mr. Jones' rebuttal testimony, he
20 said, no, in fact, the 2004 should have said 2006.
21 So there was a 2006 imbedded class of service study.

22 I do note that it showed some relative

1 or index rates of return at existing rates. He
2 didn't provide a cost of service study that I saw
3 that showed what the results were at the proposed
4 rates.

5 Q. Thank you.

6 In any event, the Company in the
7 position that they have been advanced -- let me ask
8 you if this is a fair characterization in your view.

9 The Company advanced a rate design that
10 did not follow strictly the class cost of service
11 study that it did file in the consolidated dockets.

12 A. That is correct.

13 They are proposing a percentage across
14 the board increase.

15 Q. Do you understand that the across the board
16 percentage increase essentially takes whatever
17 percentage increase is approved by this Commission
18 and increases each class of customers rates by that
19 percentage equally?

20 A. It is certainly increasing the class
21 revenue responsibility equally.

22 Ameren itself is not actually increasing

1 every single rate across the board by an equal
2 percentage increase.

3 Q. Thank you.

4 Now I will refer to Page 2 of your
5 direct testimony. And beginning on Line 13, you
6 identify the cities that are your constituent clients
7 in this proceeding.

8 Is it correct that all of these cities
9 are retail customers of AmerenIP and located in the
10 AmerenIP delivery service territory?

11 A. Yes.

12 Q. Would you agree with me that AmerenIP
13 provides electric delivery service to customers in
14 its service territory as a public utility service and
15 that it has exclusive rights to provide such service
16 in a service territory, generally speaking?

17 A. That would be my understanding.

18 I don't have any information that would
19 indicate one way or the other. But that's my general
20 understanding.

21 Q. I would refer to Page 6 of your direct
22 testimony. Beginning on Line 24 and continuing on to

1 Line 25, you have indicated that you were addressing
2 primarily the fixture charges associated with the
3 Ameren filing.

4 In this particular clause that I have
5 drawn your attention to, you indicate that the
6 fixture charges relate -- rather than that they
7 relate to the actual physical structure of the light
8 and the bulb and the ballast and the photo cells, but
9 they do not include the power energy transmission or
10 delivery service charges; is that fair?

11 A. That's what my testimony states.

12 Lines 24 and 25, I was just summarizing
13 information of Mr. Jones' testimony. But I would
14 agree with that characterization. The fixture charge
15 is covering the cost of the luminaire, the fixture
16 that is attached to the pole in the bulb.

17 Q. And further down in your testimony on Line
18 27, you've indicated; however, for customer own
19 lights, the customer -- the Company charges a monthly
20 customer and a monthly meter charge.

21 And you are indicating in that portion
22 that the Company does not assess fixture charges to

1 cities for customer-owned lights; is that correct?

2 A. Yes.

3 Q. Is it true, then, that customers have the
4 option to purchase their own street light?

5 A. I know that the cities can install their
6 own lights and Ameren will provide -- will deliver
7 energy to those lights. I'm not exactly sure how
8 difficult or easy it might be for a city to purchase
9 an existing street light.

10 I would hope that's an option. But I
11 don't know for sure. I don't know the history of
12 that.

13 Q. But customers certainly do have the option
14 of purchasing a street light from a company other
15 than AmerenIP?

16 A. Yes.

17 And a number of the cities I'm
18 representing do have lights that they own themselves.
19 For example, Urbana only has five lights that they're
20 paying fixture charges to IP for. The Town of
21 Normal, most of their lights, I believe, are owned by
22 IP. So there's a variety of ownership.

1 Q. Refer to Page 10 of your rebuttal
2 testimony.

3 Beginning on Line 4 of that page, you
4 indicate that your revised recommendation would limit
5 the increase in lighting fixtures and Class B pole
6 charges to 14.89 percent; is that correct?

7 A. That's what my testimony states.

8 Q. Further on that page, I believe you
9 indicate that that limitation, that 14.89 percent
10 limitation is based upon a study.

11 And you do attach that study to your
12 rebuttal testimony; is that fair to say?

13 A. Yes.

14 It was Ameren 's incremental cost study
15 for street light fixtures. And then we saw pole
16 charges.

17 Just for the record, a Class B pole
18 charge is a special pole charge. It might be for a
19 street light only pole where the pole only exists to
20 hold or support the street light as opposed to an
21 electric utility distribution pole where those poles
22 are part of what's recovered from the delivery

1 service component and just the fixture is recovered
2 from the street light fixture charges.

3 Q. The study upon which you based your
4 recommendation, is it not true, that that study was
5 prepared as part of Ameren Illinois Utilities last
6 electric delivery service tariff rate proceedings?

7 A. It was submitted in the last case.

8 I think either in Mr. Jones' testimony
9 or through discovery, it was indicated that that
10 still is the relevant study. They were saying we had
11 this study, and then they provided it in response to
12 discovery.

13 Q. In preparing your rebuttal testimony in
14 this proceeding, have you conducted an analysis of
15 the values underlying and contained within that study
16 and determined whether or not they are still accurate
17 indicators today?

18 A. No.

19 I relied on Mr. Jones' characterization
20 that it was still appropriate.

21 I believe in Mr. Jones' rebuttal
22 testimony when he was talking about cost of service

1 study, he said, oh, yes, we did provide the study; it
2 should have said 2006 not 2004; and we also have this
3 street light study.

4 And that's when I became aware of the
5 study. I was aware of the study from the last time.
6 And his rebuttal testimony referred to it in this
7 case. So then I asked follow-up discovery to ask,
8 are we talking about the same study.

9 And I believe the response, actually,
10 was no. But then when the actual study was provided
11 in discovery, it turned out it was the same one. So
12 based on everything I've seen, Mr. Jones is still
13 saying that that's the relevant cost.

14 I don't believe AmerenIP has updated the
15 study. If they did, I would have expected that to be
16 supplied in discovery.

17 Q. Do you know if the study that was submitted
18 as part of your rebuttal testimony that you just
19 spoke of in response to the last question, do you
20 know if that contained analysis of labor costs?

21 A. I would have to look at it to be sure of
22 all the cost characterizations. But I think that it

1 did as a cost of installing new street lights.

2 Q. Did that study include analysis of
3 installation related costs other than the cost
4 associated with the actual fixtures; do you know?

5 A. I was under the impression it also included
6 the pole charges. Because initially in my direct
7 testimony, we had not looked at the pole charges
8 because for IP it said just Pole B charges.

9 The CIPS and the CILCO tariffs had a
10 very detailed breakdown of pole charges. So we
11 didn't consider that in the direct testimony. But
12 when I saw the incremental cost study, it did have
13 pole charges in there, which is why I then
14 incorporated that in with the fixtures.

15 Q. Again referring to Page 10 of your rebuttal
16 testimony, I would draw your attention again to the
17 paragraph that begins on Line 4.

18 And you've indicated that in order to
19 support the rate design change that essentially is a
20 limitation upon the increase in lighting fixture and
21 Class B pole charges to 14.89 percent, you've
22 indicated that reduction in revenues would result in

1 approximately a re-assignment of 5.16 million dollars
2 to other Ameren IP delivery service classifications.

3 Is that a fair characterization of your
4 testimony?

5 A. Yes, that's what it says.

6 Q. In that re-allocation would include DS-1
7 residential customers; is that correct?

8 A. The way I did the calculation, yes, it
9 would.

10 I know that there's certain rules and
11 study rates that AmerenIP used to do that allocation.

12 I have no problems if there's some
13 limitations on the DS-1 that if Ameren wants to go
14 through an impose that, that's fine. I'm just saying
15 there is a 5.16 million dollars related to the
16 fixtures and Pole B charges that with my limitation
17 saying that the rates would not be higher than the
18 incremented cost, that would need to be re-assigned.

19 For the purposes of my study, I
20 re-assigned it equally. But I do recognize that
21 there might be some actual twist in calculations to
22 the DS-1.

1 I am fine if AmerenIP wants to do that.
2 They've got the cost of service models.

3 MR. TOMC: I have no further questions.

4 Thank you, Ms. Hughes.

5 JUDGE TAPIA: Thank you, Mr. Tomc.

6 Mr. Balough, any redirect?

7 MR. BALOUGH: No, Your Honor.

8 JUDGE TAPIA: Mr. Tomc, any objections to the
9 admission of Cities Exhibit 1.0 with attachments --
10 that's Ms. Hughes' examination -- and her rebuttal
11 testimony, 2.0 with attachments?

12 MR. TOMC: I have no objection, Your Honor.

13 JUDGE TAPIA: Hearing no objection, the direct
14 testimony of Ms. Hughes identified as 1.0 with
15 attachments and her rebuttal testimony with
16 attachments identified as 2.0 will be admitted into
17 evidence.

18 (Wherein, Cities Exhibit 1.0
19 with attachments and Cities
20 2.0 with attachments are
21 entered into the record at
22 this time.)

1 JUDGE ALBERS: The next witness will be Mr.
2 Stowe.

3 Mr. Stowe, have you been sworn in?

4 MR. STOWE: Yes, I have.

5 JUDGE TAPIA: Okay. Thank you.

6 Mr. Robertson?

7 MR. ROBERTSON: Mr. Reddick is going to present
8 the cross.

9 MR. REDDICK: Thank you, Your Honor. Conrad
10 Reddick appearing for the IIEC.

11 DAVID STOWE

12 called as a witness on behalf of the Illinois
13 Industrial Energy Consumers, having been first duly
14 sworn, was examined and testified as follows:

15 DIRECT EXAMINATION

16 QUESTIONS BY MR. REDDICK:

17 Q. Mr. Stowe, would you please state your name
18 and business address for the record, please?

19 A. My name is David Stowe, S-T-O-W-E. I work
20 with BAI. My business is 1215 Fernridge Parkway,
21 St. Louis, Missouri, 63141.

22 Q. And, Mr. Stowe, did you prepare for this

1 case testimony labeled corrected direct testimony in
2 exhibits David L. Stowe which has been marked for
3 identification as IIEC Exhibit 4.0-C?

4 A. Yes.

5 Q. And did you submit in connection with that
6 testimony three exhibits marked for identification as
7 IIEC Exhibits 4.1, 4.2 and 4.3?

8 A. Yes.

9 Q. For the rebuttal phase of this case, did
10 you prepare testimony, rebuttal testimony of IIEC
11 Witness David Stowe marked for identification as IIEC
12 Exhibit 9.0?

13 A. Yes.

14 Q. And is that testimony true and accurate to
15 the best of your knowledge?

16 A. Yes.

17 Q. And do you adopt that as your sworn
18 testimony in this proceeding?

19 A. Yes.

20 MR. REDDICK: Your Honor, I move for the
21 admission of Exhibits 4.0C, 4.1, 4.2, 4.3 and the
22 rebuttal testimony, Exhibit IIEC Exhibit 9.0.

1 JUDGE TAPIA: Thank you, Mr. Reddick.

2 MR. REDDICK: And the witness is available for
3 cross-examination.

4 JUDGE TAPIA: We'll rule on the admissibility
5 after cross-examination.

6 MR. FITZHENRY: May I proceed?

7 JUDGE TAPIA: Yes.

8 CROSS-EXAMINATION

9 QUESTIONS BY MR. FITZHENRY:

10 Q. Good morning, Mr. Stowe. I'm Ed Fitzhenry
11 on behalf of Ameren Illinois Utilities.

12 Please turn to Page 11 of your direct
13 testimony.

14 A. Okay.

15 Q. I'm looking at Lines 213 and 214. You say
16 that utilities design their electric distribution
17 systems to comply with many criteria not just
18 customers demand, correct?

19 A. That's correct.

20 Q. In your investigation or preparation for
21 these proceedings, did you find any facts to suggest
22 that the Ameren Illinois Utilities designed their

1 distribution system differently today than they did
2 prior to their last delivery service rate case?

3 A. No.

4 Q. Now, when a utility expands its
5 distribution system, it might do so for a number of
6 reasons, correct?

7 A. That's correct.

8 Q. One of those reasons might be new customers
9 coming onto the system?

10 A. Yes.

11 Q. Another reason might be a new load?

12 A. New load not associated with new customers?

13 Q. Correct.

14 Existing customers, load growth by
15 increase.

16 A. It might be more common to upgrade
17 facilities.

18 It would not be common for a utility to
19 expand a line into an area if there is no new growth
20 there.

21 But yes, it's correct. But there's some
22 qualifications.

1 Q. Thank you.

2 As a general principle, would you agree
3 that all costs include in Burke Accounts 360 to 362
4 are considered demand related?

5 A. Yes.

6 Q. And should be recovered through a demand
7 related charge?

8 A. That's correct.

9 Q. And with regard to Burke Accounts 369
10 through 372, would you consider the charges or the
11 costs in this those accounts to be customer related?

12 A. Yes.

13 They are generally classified that way.

14 Q. And, ordinarily, they would be recovered
15 through a customer charge?

16 A. That's correct.

17 Q. Now, in this case, you contend that the
18 cost for charges that are founded in Counts 364
19 through 367 is a mixture of customer and demand
20 related charges or cost?

21 A. That's correct.

22 Q. Let's turn to Page 40 of your direct

1 testimony.

2 A. Okay.

3 Q. Actually, I want you to look for Table 4.
4 I have the wrong page reference. I apologize.

5 A. Table 4 is on Page 30.

6 Q. Thank you.

7 Now, just for my understanding, you have
8 four different aquila studies that are identified
9 here that were taken in account for formulating
10 certain of your opinions in this docket?

11 A. Yes.

12 I use those four studies along with the
13 Ameren affiliate. To get an average, I use that for
14 Ameren Illinois.

15 Q. And for the record, would you please
16 identify MPS, what that stands for and where that
17 service territory is located?

18 A. The aquila network MPS is Missouri Public
19 Service Company. It's based out of Kansas City and
20 the territory surrounding the Kansas City area.

21 Q. And same question with regard to the L&P.

22 A. L&P refers to Light & Power. It surrounds

1 a community called St. Joseph, Missouri. It has a
2 small city and then the surrounding area.

3 Q. The same question for the utility
4 identified as WPK.

5 A. That would be West Plains Energy in Kansas.
6 It is based out of Great Bend, Kansas. It's mostly
7 very small rural towns.

8 Q. And finally, WPC.

9 A. WPC is West Plains Energy in Colorado.
10 It's headquartered in Pueblo, Colorado and extending
11 around Pueblo and up into the mountains.

12 Q. And am I correct today that aquila only
13 owns utilities in Colorado and Missouri?

14 A. That's correct.

15 Q. Let me ask you to back up a couple of pages
16 to Page 27.

17 And there at the bottom of the page, you
18 reference the rate base invested by the Ameren
19 companies and provide a range.

20 Do you see that testimony, sir?

21 A. Yes, I do.

22 Q. Okay. First of all, what do you mean by

1 Ameren companies?

2 A. The Ameren Illinois companies, the three
3 companies involved in this case.

4 Q. And do you know offhand which rate base is
5 associated with which of the three Illinois
6 utilities?

7 A. No, I do not.

8 Q. Now, also here on Page 27, you indicate
9 that -- you reference your experience in performing
10 MDS studies on other utilities operating in Missouri,
11 Kansas and Colorado.

12 And do I understand that those are the
13 same utilities you identify on Table 4?

14 A. That's correct.

15 Q. Let's go back to Table 4 briefly.

16 The study that was done for the aquila
17 networks MPS utility, when was that done?

18 A. I believe all the studies were completed in
19 2002. It would have been around June of 2002.

20 Q. And were they for historical test year?

21 A. Yes. Actually, they were completed for --
22 I believe completed for a date of May of 2002.

1 Q. Okay. Thank you for that.

2 Now, I had went and looked at --
3 actually done some homework, which is rare for me,
4 and looked at the description of these Burke
5 accounts, 364 through 367.

6 Are you familiar with the listings -- or
7 items listed under those particular accounts?

8 A. Yes, I am.

9 I wouldn't be able to quote them, but I
10 think I could follow along if you were to read them.

11 Q. Sure.

12 Well, there's one that's under Account
13 364, permits for construction.

14 Would you agree that costs for
15 permits -- or permits costs can range from service
16 territory to service territory?

17 A. Yes.

18 Q. And, let's say, also within account 365,
19 the cost for lightening arrestors might different
20 from utility service territory to utility service
21 territory?

22 A. Yes.

1 Q. Now, I'm going to ask you this, and I don't
2 know the answer; are labor costs also associated with
3 Accounts 364, 365, 366 and 367?

4 A. Labor for installation, yes.

5 Q. Okay. And do you know whether or not the
6 labor rates for the four aquila utilities are the
7 same or different than the Ameren Illinois Utilities
8 service areas?

9 A. I do not know.

10 Q. Now, in response to one of my data
11 requests, 3.01, you indicated that the Colorado PUC
12 had supported your view that there was a nexus
13 between safety and reliability and how a distribution
14 system is designed and so effort, correct?

15 A. That's correct.

16 Q. And I believe that was Docket 03S-5390.

17 Does that sound familiar?

18 A. Yes.

19 Q. Now, I'll show you your testimony. I have
20 copies here. That will help this along.

21 May I approach the witness?

22 JUDGE TAPIA: Yes, you may.

1 BY MR. FITZHENRY:

2 Q. First of all, Mr. Stowe, I just want you to
3 look at these two pieces of testimony and advise if
4 they look to be accurate representation of testimony
5 that you filed in that Colorado proceeding?

6 A. Based on my limited review, they do.

7 Q. Okay. Thank you.

8 Now, what I noticed about your study in
9 the Colorado case is that you also included charges
10 associated with Account 368.

11 A. That's correct.

12 Q. And would you have also included charges
13 associated with Account 368 in the three other aquila
14 network studies that are referenced in Table 4 of
15 your testimony, if you remember?

16 A. I don't remember. I don't remember
17 specifically. It's been six years.

18 Q. You did not include Account 368 for
19 purposes of your testimony in these proceedings,
20 though?

21 A. No, I did not.

22 Q. And just so we are all on the same page,

1 Account 368 is for line transformers and related
2 charges?

3 A. That's correct.

4 Q. And if you look at your schedule to your
5 rebuttal testimony in the Colorado case -- I think
6 it's DIS-1, the first schedule that follows, Table
7 DLS-1, Page 1 of 1.

8 A. Okay. Hold on. DLS-1, Table DLS-5-1; is
9 that correct?

10 Q. Yes, sir.

11 A. Yes.

12 Q. And if you scroll down under the account
13 column --

14 A. Just a minute, please.

15 Q. Sure.

16 It's Exhibit DLS-5, over to the
17 left-hand side of this Table DIS-5-1.

18 But in any event, under the account
19 column, if you scroll down to 368001, that references
20 the line transformer charges associated with that
21 account; is that right?

22 A. Yes.

1 Q. Okay. And there's approximately 3.6
2 million dollars in that account?

3 A. Yes.

4 Q. Okay. And for this study, anyway, the
5 customer component you decided was approximately 55
6 percent and the demand component approximately 45
7 percent?

8 Did I read that correctly, sir?

9 A. Yes, you did.

10 Q. Now, again -- I think I asked this question
11 before -- it is your position that the Colorado PUC
12 supported your view that many primary secondary
13 distribution services are designed to meet the NESC
14 requirements?

15 A. I believe that they agreed that the NESC
16 requirements caused the Company to incur some cost.

17 I don't know that they specifically said
18 there's certain primary secondary line of systems
19 that were designed specifically for that purpose.

20 Q. Okay. Thank you.

21 Now, when I read your direct testimony,
22 you argued for the minimum intercept method, right?

1 A. Yes.

2 Q. And it wasn't until your rebuttal case when
3 you argued that certain other costs are driven by
4 these NESC requirements; is that right?

5 A. It was not in the rebuttal?

6 Q. It is in the rebuttal where you first
7 argued and made a proposition that these Accounts 364
8 and 368 are both customer demand related due to
9 safety reliability reasons.

10 I can point you to the page.

11 A. Okay. I guess -- why I'm hesitating for is
12 I don't know whether I mentioned that in direct.

13 Are you saying that I did not mention it
14 in direct?

15 Q. You did not.

16 And I can point you to your Page 4 of
17 your rebuttal, Lines 7 through 12.

18 If you would read that please and then
19 I'll follow up with a question.

20 A. Okay. (Witness reviews document.)

21 It begins, in the process of analyzing
22 WPC distribution systems, I began to realize I need

1 to re-think my pre-conceived idea about design and
2 construction; many primary and secondary distribution
3 components, Account 364 through 368 which I
4 previously assumed were designed to meet the demand
5 of the customer were, in fact, designed to meet the
6 National Electric Safety Code requirements;
7 furthermore, the NESC sets the minimal capabilities
8 of these components many times to meet the customer's
9 demands; but there is a disconnect between the demand
10 at the system and the cost of the system.

11 Q. Now having read that, does that cause you
12 to remember that it was in your rebuttal testimony
13 that you first proposed that your cost study be
14 approved also for the reasons that you articulate on
15 Lines 7 through 15 in your rebuttal testimony?

16 A. The rebuttal, I believe it's probably the
17 first place in my testimony that I mentioned it.
18 Although, I specifically state that it was in the
19 process of performing the distribution system study
20 or the analysis of WPC distribution system which is
21 consistent where I begin to re-think this.

22 Q. Going back to the Burke accounts -- and I

1 don't again know the answer to this question. But
2 again, if I could list them all, there's like 19
3 different items under Account 364.

4 Would your aquila studies have included
5 all the charges and costs associated with all those
6 19 items?

7 A. I believe so.

8 Q. Would that be true with the other accounts,
9 as well?

10 A. I believe so.

11 I would have to say, when we talk about
12 all these items, it was -- I think it was somewhere
13 around five million records that were included in
14 these different accounts. So I looked at literally
15 millions of records. And I grouped them by type. So
16 poles were grouped by types. Wires were grouped by
17 type.

18 So, when you say all the items in the
19 TFR were included in the records, I simply do not
20 know. But I assume they were represented.

21 MR. FITZHENRY: We know all about records in
22 this case.

1 JUDGE TAPIA: Okay. I apologize. It's 4. --
2 MR. REDDICK: 4.1 through 4.3.
3 JUDGE TAPIA: Okay. 4.1 through 4.3 will be
4 admitted into evidence.
5 (Wherein, IIEC Exhibit
6 4.0-C, IIEC Exhibits 4.1,
7 4.2, 4.3 and IIEC Exhibit
8 9.0 are entered into the
9 record at this time.)
10 JUDGE TAPIA: Thank you.
11 JUDGE YODER: Just one question.
12 Were those re-filed with the corrected
13 testimony or are you going by the original?
14 MR. REDDICK: No, these are the original 4.1
15 through 4.3.
16 JUDGE TAPIA: Thank you, Mr. Reddick.
17 MR. REDDICK: Thank you, Your Honor.
18 JUDGE TAPIA: Thank you, Mr. Stowe.
19 I'll call the next witness, Ms. Everson.
20 MR. FLYNN: I'm sorry. We moved a little more
21 quickly than I had anticipated. Mr. Whitt is on his
22 way from down the street. He will be here

1 momentarily.

2 JUDGE ALBERS: Are you asking for a delay?

3 MR. CASEY: I don't know if delay is the right

4 word.

5 MR. FLYNN: Stall.

6 MR. CASEY: Yeah, stall.

7 MR. FLYNN: I could talk for awhile.

8 JUDGE ALBERS: While we are waiting, is there

9 any affidavits anybody wants move into for admission

10 or any testimony to move in via an affidavit?

11 MR. ROBERTSON: I will if you just give me a

12 second.

13 MS. VON QUALEN: I could do Mr. Lounsberry's

14 testimony by affidavit now.

15 JUDGE ALBERS: Sure.

16 MS. VON QUALEN: Staff moves for the admission

17 into evidence ICC Staff Exhibit 9.0R, revised direct

18 testimony of Eric Lounsberry consisting of a cover

19 page, table of comments, 85 pages of narrative

20 testimony and Schedules 9.01R CILCO-G, 9.02R CILCO-G,

21 9.03R CIPS-G, 9.04R CIPS-G, 9.05R IP-G, 9.06R IP-G,

22 9.07R IP-G, 9.08R CILCO-G and 9.09R CILCO-G which

1 were filed on eDocket on June 9, 2008.

2 I also move for admission into evidence
3 of IIC Staff Exhibit 21.0 entitled, Rebuttal
4 Testimony of Eric Lounsberry consisting of a cover
5 page, table of contents, 53 pages of narrative
6 testimony and Schedules 21.01 CILCO-G, 21.02 CIPS-G,
7 21.03 CIPS-G, 21.04 CIPS-G, 21.05 IP-G and 21.06 IP-G
8 which were filed on eDocket on May 14, 2008.

9 And finally, I move for the admission
10 into evidence of ICC Staff Exhibit 21.1 which is the
11 affidavit of Mr. Lounsberry.

12 JUDGE ALBERS: Any objection?

13 Hearing none, Staff exhibits as read
14 off by Ms. Von Qualen are admitted.

15 (Wherein, ICC Staff Exhibit
16 9.0R, 9.01R CILCO-G, 9.02R
17 CILCO-G, 9.03R CIPS-G,
18 9.04R CIPS-G, 9.05R IP-G,
19 9.06R IP-G, 9.07R IP-G,
20 9.08R CILCO-E, 9.09R
21 CILCO-G, 21.0, 21.01
22 CILCO-G, 21.02 CIPS-G,

1 21.03 CIPS-G, 21.04 CIPS-G,
2 21.05 IP-G, 21.06 IP-G and
3 21.1 are admitted into the
4 record at this time.)

5 MR. OLIVERO: And also, in lieu of
6 cross-examination, Staff Witness Janice Freetly at
7 Illinois Industrial Engineer Consumers, Michael
8 Doorman, the parties agree to simply enter into the
9 record the Illinois Industrial Engineer Consumers
10 response to Staff Data Request JF5.01 and the
11 attachments thereto.

12 And we are going to ask that those be
13 marked as ICC Staff Group Exhibit 4.

14 I think I may have incorrectly said
15 engineer, and it should be Illinois Industrial
16 Energy.

17 And then we would also like to move for
18 the admission into the record of ICC Staff Exhibit
19 5.0 which is the direct testimony of Janice Freetly
20 which consists of a cover page, a table of contents,
21 48 pages of narrative testimony, Schedules 5.01G,
22 5.01E, 5.02, 5.03G & E, 5.04G & E, 5.05G and E, 5.06G

1 & E, 5.07, 5.08, 5.09G & E and 5.10.

2 And the direct testimony of Janice
3 Freetly was filed on the e-Docket system on March 14,
4 2008.

5 Staff also moved for admission of ICC
6 Staff Exhibit 17.0 which is the rebuttal testimony of
7 Janice Freetly which consists of a cover page, a
8 table of contents, 26 pages of narrative testimony
9 and Schedules 17.01, 17.02E & G, 17.03G & E, 17.04G &
10 E, 17.05G & E, 17.06G & E, 17.07, 17.08G & E and
11 17.09. And these were filed via the Commission's
12 eDocket system on May 14, 2008.

13 And finally, Staff would move for
14 admission into the record of ICC Staff Exhibit 17.1
15 which is the affidavit of Janice Freetly. This
16 document was filed via the Commission's e-Docket
17 system earlier today, June 12, 2008.

18 JUDGE ALBERS: Any objections?

19 Hearing none, then testimony and
20 schedules of Ms. Freetly are admitted as read off by
21 Mr. Olivero and as well as Staff's Group Exhibit 4 is
22 also admitted.

1 (Wherein, ICC Staff Group
2 Exhibit No. 4, ICC Staff
3 Exhibit 5.0, 5.01G, 5.01E,
4 5.02, 5.03G & E, 5.04G & E,
5 5.05G & E, 5.06G & E, 5.07,
6 5.08, 5.09G & E, 5.10,
7 17.0, 17.01, 17.02E & G,
8 17.03G & E, 17.04G & E,
9 17.05G & E, 17.06G & E,
10 17.07, 17.08G & E, 17.09
11 and 17.1 are admitted into
12 the record at this time.)

13 MR. OLIVERO: Thank you.

14 MR. ROBERTSON: If you want to get all this out
15 of way at once, I can put mine in the record, as
16 well.

17 JUDGE ALBERS: Go right ahead.

18 MR. ROBERTSON: Your Honor, IIEC would move for
19 the admission of IIEC Exhibit 1.0C, corrected direct
20 testimony of IIEC Witness Robert R. Stephens,
21 including IIEC Exhibits 1.1 and 1.2; the admission of
22 IIEC Exhibit 2.0C, corrected direct testimony of IIEC

1 Witness Michael Gorman, including IIEC Exhibits 2.1
2 through 2.8; IIEC Exhibit 3.0, direct testimony of
3 IIEC Witness James Selecky, including IIEC Exhibits
4 3.1 through and including 3.4; the direct testimony
5 of IIEC Witness Allen Chalfant, IIEC Exhibit 5.0,
6 including IIEC 5.1C; corrected rebuttal testimony of
7 IIEC Robert R. Stephens, 6.0C; the corrected rebuttal
8 of IIEC Witness Michael Gorman, IIEC Exhibit 7.0C,
9 including IIEC Exhibit 7.1; the rebuttal testimony of
10 IIEC Witness James Selecky, IIEC Exhibit 8.0,
11 including IIEC Exhibit 8.1; the rebuttal testimony of
12 IIEC Witness Allen Chalfant, IIEC Exhibit 10.0; the
13 affidavit of IIEC Witness Robert R. Stephen, IIEC
14 Exhibit 11.0; the affidavit of IIEC Witness Michael
15 Gorman, IIEC Exhibit 12.0; the affidavit of IIEC
16 Witness James Selecky, IIEC Exhibit 13.0; and the
17 affidavit of IIEC Witness Allen Chalfant, IIEC
18 Exhibit 14.0.

19 JUDGE ALBERS: Let me make sure I've got it
20 written down.

21 Any objection?

22 Hearing none, then the exhibits are

1 admitted.

2 (Wherein, IIEC Exhibits
3 1.0C, 1.1, 1.2, 2.0C, 2.1,
4 2.2, 2.3, 2.4, 2.5, 2.6,
5 2.7, 2.8, 3.0, 3.1, 3.2,
6 3.3, 3.4, 5.0, 5.1C, 6.0C,
7 7.0C, 7.1, 8.0, 8.1, 10.0,
8 11.0, 12.0, 13.0 and 14.0
9 are admitted into the
10 record at this time.)

11 JUDGE TAPIA: At that point, I think we are
12 ready to proceed.

13 MARY H. EVERSON

14 called as a witness on behalf of Staff Witnesses of
15 the Illinois Commerce Commission, having been first
16 duly sworn, was examined and testified as follows:

17 DIRECT EXAMINATION

18 QUESTIONS BY MS. VON QUALEN:

19 Q. Ms. Everson, would you please state your
20 name and spell your last name?

21 A. Mary H. Everson, E-V-E-R-S-O-N.

22 Q. Who is your employer and what's your

1 business address?

2 A. I work for the Illinois Commerce
3 Commission. My address is 527 East Capitol Avenue,
4 Springfield, Illinois, 62701.

5 Q. What is your position at the Commission?

6 A. I'm an accountant.

7 Q. Did you prepare written testimony and
8 schedules to be offered in this proceeding?

9 A. Yes, I did.

10 Q. Do you have before you a document which has
11 been marked as revised direct testimony of Mary H.
12 Everson, ICC Staff Exhibit 2.0R --

13 A. Yes.

14 Q. -- with attached schedules?

15 A. Yes.

16 Q. Did you prepare that document?

17 A. Yes, I did.

18 Q. Do you have any corrections or changes to
19 make to that document?

20 A. No, I do not.

21 Q. Do you also have before you a document
22 which has been marked as rebuttal testimony of Mary

1 H. Everson, ICC Staff Exhibit 14.0 with attached
2 schedules and attachments?

3 A. Yes.

4 Q. Did you also prepare that document?

5 A. Yes, I did.

6 Q. Do you have any additions or corrections to
7 ICC Staff Exhibit 14.0?

8 A. I want to make wrung correction.

9 It was pointed out to me in a data
10 request from Ameren that at Line 511 -- between Line
11 511 and 512 I failed to insert a heading which should
12 read; AmerenIP 2004 gas plant additions.

13 That's the only change.

14 Q. With that change to your rebuttal
15 testimony, is the testimony provided in your direct
16 and rebuttal testimony and schedules true and correct
17 to the best of your knowledge?

18 A. Yes, it is.

19 Q. If I were to ask you the same questions
20 today, would your answers be the same?

21 A. Yes.

22 MS. VON QUALEN: Your Honors, at this time, I

1 move for the admission into evidence ICC Staff
2 Exhibit 2.0R with all attached schedules and
3 attachments and ICC Staff Exhibit 14.0 with all
4 attached schedules and attachments.

5 JUDGE TAPIA: Thank you, Ms. Von Qualen.

6 We will rule on the admission following
7 cross-examination.

8 MR. WHITT: Your Honor, Mr. Sturtevant will be
9 going first.

10 MR. STURTEVANT: I just have a few questions on
11 the gas accounting issue. And then I'll hand it over
12 to Mr. Whitt for the remainder of the questions.

13 JUDGE TAPIA: Thank you.

14 CROSS-EXAMINATION

15 QUESTIONS BY MR. STURTEVANT:

16 Q. Good morning, Ms. Everson. My name is
17 Albert Sturtevant for Ameren Illinois Utilities.

18 If you could turn to Page 8 of your
19 direct testimony, Lines 173 through 177 --

20 A. Yes, I see that.

21 Q. -- your testimony regarding the gas
22 accounting issue here relies on Mr. Anderson's

1 testimony's regarding the nature of gas losses
2 appearing by Ameren; is that correct?

3 A. That's correct.

4 Q. And is it also correct that you would
5 consider what Mr. Anderson calls storage field
6 performance variations to be gas loss or unaccounted
7 for under the terms of Account 823 if they represent
8 what Mr. Anderson characterizes as physical losses?

9 A. Yes.

10 Q. And in your rebuttal, I'll direct you to
11 Page 38, Lines 797 to 798.

12 A. Yes.

13 Q. You state there that Mr. Anderson
14 recognizes that what he characterizes as physical
15 losses could contribute to performance variations; is
16 that correct?

17 A. Yes.

18 Q. So would it be correct, then, that that
19 part of Mr. Anderson's performance variations, what
20 he called performance variations that consist of
21 physical losses could be accounted for in Account
22 823?

1 A. Based on Mr. Anderson's characterization of
2 what these losses are, since Ameren has not
3 demonstrated to him that the gas has been lost to the
4 storage fields, we accounted for performance
5 variations. And we believe they should be assigned
6 to Account 352.3.

7 JUDGE TAPIA: Ms. Everson, can you please speak
8 up a little bit?

9 MS. EVERSON: Sorry.

10 JUDGE TAPIA: Thank you.

11 BY MR. STURTEVANT:

12 Q. So am I correct, then, that you do not
13 believe what that Mr. Anderson characterizes as
14 physical losses should be accounted for in Account
15 823?

16 A. I'm sorry.

17 Would you repeat your question?

18 Q. So you do not consider the performance
19 variations that Mr. Anderson characterizes as
20 physical losses could be accounted for in Account
21 823?

22 A. Based on the way Mr. Anderson described

1 them, we feel it's appropriate to assign them to
2 352.3. It may be that in other circumstances with
3 adequate documentation of what those represent, the
4 individual specific component of those annual
5 adjustments, they might be properly assigned
6 elsewhere.

7 As the record stands now, I would still
8 say Account 252.3.

9 MR. STURTEVANT: Your Honors, I'm not sure what
10 the cross-examination exhibit marking protocol is or
11 where we are at with the Ameren cross exhibits.

12 We are doing Ameren Cross Exhibit
13 Everson No. 9. I believe Mr. Whitt has 1 through 8.
14 Or are we using another name in convention?

15 JUDGE ALBERS: Everson?

16 MR. WHITT: Yes, Your Honor.

17 So, if Mr. Sturtevant starts off with
18 No. 9, it will be right in the end.

19 (Wherein, the Court Reporter
20 marked Ameren Cross Exhibit
21 Everson No. 9.)

22 MR. STURTEVANT: May I approach the witness,

1 Your Honor?

2 JUDGE TAPIA: Yes.

3 BY MR. STURTEVANT:

4 Q. Ms. Everson, I'll hand you what I have
5 marked as Ameren Cross Exhibit Everson 9. It is Data
6 Response 21.23.

7 Did you prepare that data response?

8 A. Yes.

9 Q. And is it correct that that data response
10 indicates that you would consider storage field
11 performance variations to be gas loss or unaccounted
12 for in accordance with Account 823 if they represent
13 what Mr. Anderson characterizes in his testimony as
14 physical losses?

15 A. If they are identifiable to a specific
16 incident measurable and the Company demonstrated that
17 the gas in the field as what Mr. Anderson describes
18 as physical loss.

19 Q. But it does say, does it not, if the
20 performance variations represent what Mr. Anderson
21 characterizes as physical losses, then they would go
22 into Account 823?

1 A. They could.

2 Q. Okay. If I could turn you to -- I guess we
3 may already be there -- Page 38 of your rebuttal
4 testimony, 802, 804 -- do you see that?

5 A. Yes, I do.

6 Q. At Lines 802 of 804, you note that
7 Mr. Anderson states that migration of working
8 inventory gas to non-recoverable base gas that
9 results from the normal operation storage field is
10 the likely major factor in performance variations; is
11 that right?

12 A. I see that.

13 Q. If migration to non-recoverable base gas is
14 the major factor in performance variations, that
15 would mean that there would be some other factor
16 included in performance variations, as well, correct?

17 A. Mr. Anderson says that it's likely a major
18 factor. And I don't get into what are the factors,
19 what their hierarchy would be.

20 Q. Okay. But if Mr. Anderson -- and you rely
21 on his testimony?

22 A. Yes, I do.

1 Q. If Mr. Anderson indicates that it's the
2 major factor in performance variations, does that
3 indicate to you that there would be some other
4 factor? And I'm not asking about hierarchy.

5 A. There might be.

6 Q. Okay. And if there might be some other
7 factor, then it would be correct that not all
8 performance variations would result from the
9 migration of gas to non-recoverable base gas; is that
10 correct?

11 MS. VON QUALEN: I'm going to object to that
12 question. I believe it calls for speculation.

13 We have established that she doesn't
14 really have an opinion about whether there are other
15 factors. She said there might be.

16 JUDGE TAPIA: I sustain the objection.

17 If you want to rephrase, Mr. Sturtevant.

18 MR. STURTEVANT: I guess if -- I'll withdraw
19 the question if that's something I can direct to Mr.
20 Anderson.

21 Would that be more appropriate?

22 MS. VON QUALEN: It seems that Mr. Anderson

1 would be the person to ask.

2 MR. STURTEVANT: That's fine.

3 BY MR. STURTEVANT:

4 Q. With regard to Mr. Anderson's discussion as
5 you reference of a likely major factor in performance
6 variations being the migration to non-recoverable
7 base gags, as far as you know, Staff has not
8 quantified what that major factor would be; is that
9 correct?

10 A. Staff has not. I have not.

11 Q. If the major factor could be quantified,
12 would you agree that only the part quantified as
13 non-recoverable migration to non-recoverable base gas
14 should be recorded in Account 352.3?

15 A. It would depend on what Mr. Anderson
16 describes and how he explains what is happening, what
17 that quantification relates to, what components that
18 relates to.

19 Q. Okay. So, from an accounting perspective,
20 if Mr. Anderson were to indicate that only a certain
21 quantified part of the gas is migrated to
22 non-recoverable base gas, you would then consider it

1 appropriate from an accounting perspective to put
2 that in Account 352.3, correct?

3 A. It might. Depending on what his analysis
4 is, it might change the recording of it.

5 Q. Ms. Everson, you're familiar with the
6 language of Account 823; is that correct?

7 A. I don't have it here in front of me.

8 Q. But you are, as an accountant, generally
9 familiar with Account 823?

10 A. Yes.

11 Q. And would you agree that there is no
12 language in Account 823 that specifically required
13 that gas losses under that account be physical
14 losses?

15 A. I would have to see a copy of it at the
16 moment if you have one.

17 Q. (Mr. Sturtevant tenders document to
18 witness.)

19 I'm actually showing you a quote from
20 Mr. Underwood's testimony. I don't actually have a
21 printed copy of Account 823.

22 But would you agree that the quote from

1 Account 823 is a correct representation of language
2 of Account 823?

3 A. What it states here is 823 for gas losses
4 and states impertinent part as follows.

5 So you don't have a complete copy of it,
6 I'm not sure that's the complete explanation.

7 Q. So, as a general matter, you're
8 understanding of Account 823 does not extend to
9 whether it includes specific language requiring that
10 gas loss be accounted in that account are physical
11 losses?

12 MS. VON QUALEN: I'm going to object to that
13 question, too, because I think it mischaracterizes
14 what Ms. Everson said.

15 I don't think she opined about it. I
16 think she said she's generally familiar with it but
17 she would need a copy of the actual provision in
18 order to opine about it.

19 JUDGE TAPIA: Response, Mr. Sturtevant?

20 MR. STURTEVANT: Your Honor, I've asked her
21 about her general familiarity with Account 823. I
22 don't believe we actually have a printed out copy of

1 that.

2 Ms. Everson has indicated that she is
3 generally familiar. And I'm just asking what her
4 general familiarity would extend to.

5 I can -- if you give me a minute, I may
6 be able to locate a complete quote reference to
7 Account 823. But I don't want to take further time.

8 JUDGE TAPIA: I'll sustain the objection. And
9 you can either rephrase the question or find the
10 document you need.

11 MR. STURTEVANT: If you could give me a minute,
12 please, Your Honor.

13 (Wherein, a short break was
14 taken.)

15 MR. STURTEVANT: I have no further questions at
16 this time. I believe Mr. Whitt is going to take over
17 now.

18 I guess if it's okay with Staff counsel
19 and Your Honors, I'm going to try to get a copy of
20 Account 823, the language. I would have about two
21 questions after Mr. Whitt is finished to ask her, if
22 that's acceptable.

1 JUDGE TAPIA: That's acceptable. Go ahead and
2 do that.

3 Mr. Whitt.

4 MR. WHITT: Thank you.

5 CROSS-EXAMINATION

6 QUESTIONS BY MR. WHITT:

7 Q. Ms. Everson, my name is Mark Whitt. I'm
8 going to be asking you some questions about plant
9 additions.

10 MR. WHITT: Before I go on, I'm not sure if
11 anyone entered an appearance on my behalf this
12 morning. If not, the record should so reflect my
13 appearance.

14 JUDGE TAPIA: Thank you, Mr. Whitt.

15 BY MR. WHITT:

16 Q. Ms. Eberson, you are recommending
17 disallowances of certain plants?

18 A. I'll correct you now. My name is Everson.
19 Yes.

20 Q. And your recommended disallowance is based
21 on the percentage of additions that occurred since
22 each company's last rate case and for which you

1 contend the companies did not provide supporting
2 documentation?

3 A. That's correct.

4 Q. You then applied a company specific
5 percentage to each company's capital addition since
6 the last case to arrive at a recommended percentage
7 disallowance; is that right?

8 A. Yes.

9 Q. Now, in your direct testimony -- and I'll
10 direct you to Page 7, Line 151 -- you discuss issues
11 or deficiencies that you believe exist in the
12 company's documentation of plant additions?

13 A. Could you give me the line number, please.

14 Q. Page 7, Line 151.

15 A. Yes.

16 Q. And you say that the reasons that you're
17 recommending disallowance includes the seven reasons
18 listed in your testimony; is that right?

19 Line 153, you say issues and/or
20 deficiencies include, and then there's a list.

21 Do you see that?

22 A. Yes, I do.

1 Q. By using the word include, did you mean to
2 suggest that you are recommending disallowances for
3 reasons that are not discussed in your testimony?

4 A. Generally, these are the reasons, these are
5 the items that I noticed in my review. And that is
6 why the disallowance is being proposed.

7 Q. When you say generally, does that mean
8 there are other bases for your recommended
9 disallowance?

10 A. As I was reviewing the invoices, I may have
11 found one or more deficiencies. And there may be
12 others that did not occur very often that occurred in
13 combination with some of these that were not
14 mentioned.

15 Q. Okay. But to the extent there were other
16 deficiencies, other than the seven listed as
17 indicated in your testimony, there is no description
18 or discussion of those; is that right?

19 A. Additional reasons on top of these?

20 Q. Yes.

21 A. No.

22 Q. Now, nowhere in your testimony do you

1 identify specific invoices recommended for
2 disallowance because of the existence of duplicate
3 plant invoices; is that right?

4 A. That's correct.

5 Q. Nowhere in your testimony do you identify
6 specific invoices recommended for disallowance
7 because there were billings to a wrong company?

8 A. Is that a question?

9 Q. That's a question.

10 A. No.

11 Q. What I said was correct?

12 A. That's correct.

13 Q. Okay. Now, with respect to the billings to
14 the wrong company, is it your opinion that whenever a
15 vendor sends an invoice to the wrong Ameren company,
16 that the cost of that invoice should be disallowed?

17 A. No, that's not what I say at all.

18 With the evidence that the Company
19 provided in response to my initial data request,
20 there was no way to determine the invoice billed, for
21 example, to Ameren Energy Services.

22 There was nothing on that invoice or the

1 summary list provided that would give me any idea
2 that it really should have been charged to, say,
3 AmerenIP or AmerenCIPS or AmerenCILCO.

4 Q. Okay. Nowhere in your testimony do you
5 identify specific invoices recommended for
6 disallowance because the invoices were not found to
7 correspond to the listing of invoices provided?

8 A. I didn't give you a detailed listing of
9 those, no, in my testimony.

10 Q. And likewise, nowhere in your testimony do
11 you identify specific invoices recommended for
12 disallowance because a project was not determinable
13 from the invoice or the invoice is not related to the
14 project?

15 A. No, I did not.

16 Q. Nowhere in your testimony do you identify
17 specific invoices recommended for disallowance
18 because they were illegible?

19 A. No.

20 Q. Did you issue any DRs identifying illegible
21 invoices and asking for better copies?

22 A. I don't believe so.

1 Q. Nowhere in your testimony do you identify
2 specific invoices recommended for disallowance
3 because certain AmerenIP projects were paid by
4 electronic transfers without supporting invoices?

5 You don't list those out, right?

6 A. Say that again, please.

7 Q. You're recommending disallowance of
8 AmerenIP invoices that are reflected by electronic
9 transaction; is that --

10 A. Yes.

11 Q. And you don't identify specifically which
12 transactions those are?

13 A. No.

14 Q. Is it fair to say that the seven reasons
15 discussed in your testimony for recommending
16 disallowance are based primarily on issues of
17 documentation?

18 A. Since the Company provided documentation
19 that was lacking, I guess I would agree with that.

20 Q. Okay. And you would agree that there are
21 many potential legitimate reasons for a difference
22 between the list of invoices provided to you in the

1 actual invoices?

2 A. I don't know why it would have been
3 different.

4 It was my understanding that the listing
5 would have corresponded with the invoices being
6 provided. So I don't know why there would be any
7 differences between them.

8 Q. But you would agree there could be
9 legitimate reasons for those differences?

10 A. There could be.

11 Q. Your testimony does not disclose specific
12 plant additions for which you are recommending
13 disallowances; is that right?

14 A. Well, my adjustment is based on a
15 percentage across a whole plant addition. So it's
16 not directed to any one project.

17 Q. And again, because it's based on a
18 percentage, we don't know what the impact would be to
19 specific projects; is that right?

20 A. I did give a list of the amounts I allowed
21 for a project.

22 Q. Well, based on your testimony, isn't it the

1 case that one would not know which additions you're
2 recommending disallowance and for what reason?

3 A. Well, you know which projects I reviewed
4 and the amount I allowed per project. The adjustment
5 is spread across all plant additions.

6 Q. But my question was, from your testimony,
7 it's not evident which specific additions you're
8 disallowing and for what reason?

9 A. I wouldn't say I'm disallowing specific
10 additions. It's a percentage that goes across all
11 plant additions based on projects I reviewed.

12 The amount per project that I allowed
13 has been demonstrated in my schedules.

14 Q. But again, there is no listing of which
15 invoices you're disallowing and for what reason?

16 A. There is a listing of amounts that I
17 allowed.

18 Q. That wasn't my question.

19 My question was, there's no list of
20 invoices that you disallowed and for what reason?

21 A. Since the Company's listing was very
22 inadequate, it listed amounts that did not have

1 specific invoices. It was very difficult to provide
2 a better records than the Company provided.

3 So I made no attempt to make a listing
4 of all of the invoices that were provided that I
5 could not except or amounts on the summary listing
6 that I could not accept.

7 Q. So what I said is correct, that you did not
8 provide a list of what you disallowed and for what
9 reason?

10 A. There is no listing by invoice. There is a
11 listing of amounts that should correspond to the
12 invoices.

13 Q. Now, at Page 12 of your direct testimony,
14 you discuss recommended disallowance of certain plant
15 additions since the last rate case; is that correct?

16 A. That is correct.

17 Q. And at Page 14 of your testimony, you
18 discuss two reasons why you believe certain additions
19 are not supported. And I'll refer you specifically
20 to Line 281 through 285.

21 A. That's correct. I see it.

22 Q. And your testimony does not identify which

1 invoices were disallowed for either of the reasons
2 stated in your testimony?

3 A. No.

4 Q. What I said was correct?

5 A. That's correct.

6 MR. WHITT: May I approach, Your Honor?

7 JUDGE TAPIA: Yes.

8 BY MR. WHITT:

9 Q. Ms. Everson, I'm handing you what we have
10 marked as Ameren Cross Exhibit Everson 1.

11 (Wherein, the Court Reporter
12 marked Ameren Cross Exhibit
13 Everson No. 1.)

14 BY MR. WHITT:

15 Q. Can you identify the exhibit as your
16 responses to Data Request 5.06, 5.07, 5.08 and 1.01?

17 A. It includes those and also an extra page
18 that I don't believe were part of my original
19 responses.

20 Q. We have enough paper in the record. We can
21 take that off.

22 Now, in the Data Request 5.06, you were

1 asked to identify each instance of billings to the
2 wrong company; is that right?

3 A. That's correct.

4 Q. And you refer the Company to your response
5 to DR 1.01 which is the last page of our exhibit,
6 right?

7 A. Without the attached work papers.

8 Q. That's right.

9 A. Yes.

10 Q. But your answer refers to the work papers?

11 A. Right.

12 Q. Okay. And is it fair to say that the
13 detailed work papers referenced in your supplemental
14 response do not identify each instance where you
15 observed a billing to a wrong company?

16 A. No.

17 Q. What I said was correct?

18 A. That's correct.

19 Q. And would the same be true with respect to
20 your response to DR 5.07 which asked you about
21 projects not determinable from invoice where the
22 invoice was not related to the project?

1 Again, your work papers didn't provide
2 specific instances?

3 A. On disallowed, no.

4 MS. VON QUALEN: I'm sorry. I didn't hear you.

5 MS. EVERSON: On disallowed items, no.

6 BY MR. WHITT:

7 Q. And the response -- the request for 5.08
8 asks for you to identify specific invoices disallowed
9 in the rationale for disallowing each invoice,
10 correct?

11 A. That's correct.

12 Q. And as we discussed previously, neither
13 your testimony nor work papers, have you provided
14 that information, correct?

15 A. Not on an invoice by invoice basis.

16 Q. And would you agree with me, subject to
17 check, that the work papers referenced in your
18 supplemental response to DR 1.01 were provided
19 approximately 12 days before the Company's
20 surrebuttal testimony was due -- or rebuttal
21 testimony was due?

22 A. No, I don't remember the date. I don't

1 remember it being that close.

2 Q. Is it the case that the information you
3 provided in response to the DRs we just talked about
4 require the Company to go through a process of
5 elimination to determine which invoices were being
6 disallowed?

7 A. That's probably similar to the process I
8 had to go through with the summary listings that
9 included in many cases items that were not for which
10 no invoices were even provided.

11 So yes, I did have to go through and try
12 to match the amounts I had allowed.

13 Q. Okay. I want to talk a little bit about
14 the sampling methodology that you used in your
15 review.

16 Since you used a sample approach,
17 obviously, you didn't undertake a review of all of
18 the documentation for all plant additions since the
19 Company's last rate case, right?

20 A. That's correct.

21 Q. And you chose a sample of projects from
22 each company, correct?

1 A. Yes.

2 Q. Your sample included only individual
3 projects over \$500,000, correct?

4 A. That's correct.

5 Q. Your percentage of disallowance, however,
6 is applied to all plant additions?

7 A. Yes.

8 Q. And that would be projects under 500,000?

9 A. Yes, it probably does.

10 Q. And you state that your sample is based on,
11 among other things, your professional judgement.

12 A. Yes, it is.

13 Q. In your professional judgement, should a
14 sample be representative of the population from which
15 the sample is taken?

16 A. Yes.

17 Q. In your professional judgement, is it
18 appropriate to develop a sampling plan before
19 selecting a sample?

20 A. I don't think it's inappropriate to develop
21 a plan. It may be revised once you see the data if
22 you developed it prior to seeing the data.

1 Q. Okay. And you developed no written
2 sampling plan; is that correct?

3 A. That's correct.

4 Q. You also state your sampling methodology is
5 based on your knowledge of condition rules.

6 Do you recall that testimony?

7 A. Can you show me where?

8 Q. Page 33 of your rebuttal, Line 702.

9 A. Yes, I see that.

10 Q. Can you point me to a commission rule that
11 governs sampling methodology?

12 A. No, we do not have such a rule.

13 Q. Would you agree with me that another method
14 of reviewing plant additions would be to examine
15 continuing property records?

16 A. For the purposes of my review, it would not
17 achieve the same -- it doesn't test the same
18 qualities. It does not test whether the cost has
19 been supported. It would only show you costs have
20 been recorded.

21 Q. And continuing property records were among
22 the items that Staff indicated to the Company it

1 wanted to review as part of this case, correct?

2 A. Asked for those, yes.

3 Q. And Ameren provided those, did they not?

4 A. Yes, they did.

5 Q. And nowhere in your testimony do you

6 discuss a review of the continuing property records?

7 A. That's correct.

8 Q. Another method of reviewing plant additions

9 would be to review property unit retirement records?

10 A. Not for the same purpose to support cost.

11 Q. Again --

12 A. To tell you that the Company has recorded

13 values for certain projects. It doesn't tell you the

14 cost. It doesn't support the cost imported.

15 Q. But that is information that Staff asked

16 for, correct?

17 A. Yes.

18 Q. And the Company provided it?

19 A. Yes.

20 Q. And there's no discussion in your testimony

21 of review of that information?

22 A. That's correct.

1 Q. Now, I believe you may have been present
2 when Mr. Stafford testified. And I assume you're
3 generally familiar with his testimony in this case?

4 A. Generally.

5 Q. Okay. And do you recall that in
6 Mr. Stafford's Exhibit 19.12, he included schedules
7 listing the invoices he believes you are recommending
8 disallowance?

9 A. Yes, I remember No. 19.12.

10 Q. And I understand it's your position that
11 the information contained in Exhibit 19.12 should
12 have been provided in response to your Data Request
13 MHE 3.01 to 3.06, correct?

14 A. Yes.

15 I think it would have avoided a lot of
16 the discussions we're having now.

17 Q. And Attachment A to your testimony includes
18 responses to MHE 3.01 to 3.06, correct?

19 A. Sorry. I didn't hear you.

20 Q. Attachment A --

21 A. To my?

22 Q. I believe that's your direct.

1 MS. VON QUALEN: I'm sorry, Mr. Whitt. What
2 did you say -- what attachment are you looking for?
3 MR. WHITT: Attachment A to the witness'
4 rebuttal testimony.
5 MS. VON QUALEN: And what did you say it is?
6 MR. WHITT: Responses to MHE 3.01 through 3.06.
7 MS. VON QUALEN: That would be in her rebuttal
8 testimony?
9 MR. WHITT: Yes.
10 BY MR. WHITT:
11 Q. Attachment A of your rebuttal, do you have
12 it?
13 A. I'm looking for it.
14 I don't have the attachment with me
15 today.
16 MS. VON QUALEN: I have it.
17 (Ms. Von Qualen tenders document to
18 witness.)
19 A. I have those.
20 BY MR. WHITT:
21 Q. With reference to MHE 3.01, this would
22 indicate that the original response to this DR was

1 served to Staff on February 5, 2008 according to the
2 data at the bottom, correct?

3 A. That's correct.

4 Q. And that was about five weeks before you
5 filed direct testimony?

6 A. We filed on March 14th.

7 Q. Okay. And if you review the responses,
8 they will indicate that responses to MHE 3.02 through
9 3.06 were also served on February 5th?

10 A. That's correct.

11 Q. And MHE 3.01 asks for copies of invoices
12 related to certain AmerenCILCO gas projects; do you
13 see that?

14 A. Yes.

15 Q. And would it be fair to characterize the
16 3.02 to 3.06 series of DRs as likewise requesting
17 information about specific projects for the six
18 companies?

19 A. Yes.

20 Q. And your Data Requests 3.01 through 3.06
21 all reflect that for each of the projects identified
22 in the respective five DRs, that a listing of

1 invoices and copies of invoices for those projects
2 had previously been produced, correct?

3 A. I had -- at that time, I was in receipt of
4 probably one CD of information, and it contained
5 projects in its listing.

6 Q. Okay. And what you were looking for in
7 these DRs were a revised list of invoices that
8 included the amount and type of loading factor
9 applied to each invoice so that you could verify
10 project totals?

11 A. Right.

12 But at this point, I've already reviewed
13 a project or two and realized that there were
14 differences that are not explained on the summary
15 listings just by reviewing invoices and summary
16 listings. So this is why I requested a revised
17 listing.

18 And without nothing what the reasons are
19 for any difference between the summary listings and
20 the invoices, I asked a general question about
21 loading factors as opposed to specifying or guessing
22 as to what types of items might be the reason for the

1 differences.

2 Q. Okay. And you were asking this information
3 for specific invoices, correct?

4 A. Yes.

5 Q. And subject to the objection, the Company
6 did provide information in response to these DRs,
7 correct?

8 A. It continued to provide the CDs we had on
9 an informal basis agreed to provide. It did not
10 provide any revised listing. And the summary
11 listings that came in the later CDs did not include
12 any of this type of information. It basically was
13 the same information that it had provided with the
14 first CD.

15 MR. WHITT: If I may approach, Your Honor, I'm
16 going to be handing out a series of responses, Ameren
17 Cross Exhibit Everson 2 through 5.

18 Make that 2 through 7.

19 (Wherein, the Court Reporter
20 marked Ameren Cross Exhibit
21 Everson Nos. 2 through 7.)

22

1 BY MR. WHITT:

2 Q. Ms. Everson, while we're passing out the
3 rest of the exhibits, I would ask you to review and
4 confirm for me, if you will, Ameren Cross Exhibits
5 Everson 2 through 7 are responses to MHE 3.01 through
6 3.06 with certain attachments to each exhibit.

7 MS. VON QUALEN: Mr. Whitt, for clarification,
8 the entire responses attached -- these attachments,
9 is that everything Ameren provided in response?

10 You said certain attachments.

11 MR. WHITT: My understanding, these are the
12 spreadsheets that were attached with the DR
13 responses.

14 MS. VON QUALEN: So it's not everything that
15 was provided with the DR responses, but it is the
16 spreadsheets?

17 MR. WHITT: I was confirming with the client.

18 These are the complete responses that
19 were provided except CDs that would have been
20 produced.

21 MS. VON QUALEN: Which were copies?

22 MR. WHITT: Right.

1 A. Yes, it does.

2 BY MR. WHITT:

3 Q. Would you agree that the Ameren Cross
4 Exhibit Everson 2 through 6 are the same data request
5 responses that you included as Attachment A in your
6 testimony, the difference being that the exhibits I
7 just handed out to you contain summary schedules as
8 attachments?

9 A. I see the summary schedules, yes.

10 Q. And the summary schedules show various cost
11 components that add up with each of the projects
12 listed in each data request; is that right?

13 A. Yes.

14 Q. And the Company answered to MHE 3.01
15 through 3.06 all in the same fashion, correct?

16 A. In a similar fashion, yes.

17 Q. And is it the case after receiving the
18 information in MHE 3.01 through 3.06, you did not
19 issue follow-up DRs concerning the Company's
20 responses?

21 A. Since the -- at the time this came in, I
22 had reviewed probably one or two CDs. They were

1 ongoing.

2 Q. Well, ma'am --

3 A. This is why --

4 Q. Well, I asked you a yes or no question.

5 MR. WHITT: Would you read the question back to

6 me?

7 (Wherein, the Court Reporter

8 read back the last

9 question.)

10 A. Since the review was not complete at that

11 point, no, I did not.

12 BY MR. WHITT:

13 Q. Now, at Page 10 and 11 of your rebuttal

14 testimony, you discussed the Company's responses to

15 your DRs, MHE 11.06 and 11.07. And again, it's --

16 I'll let you catch up.

17 A. Are you in my rebuttal?

18 Q. Yes.

19 A. Which page again, please?

20 Q. Page 10. There's actually a series of

21 questions. It starts at Line 209 of Page 10 and

22 continues on to Page 11.

1 There's a general discussion of
2 responses to MHE 11.06 and 11.07; is that right?

3 A. I see that.

4 Q. And those data requests that you're talking
5 about in your testimony pertain to a CILCO electric
6 project, 3199; is that right?

7 A. Yes, I agree to that.

8 Q. And in the Company's response to MHE 11.07,
9 you note a discrepancy in one of the invoices for the
10 project; is that right?

11 A. Yes. In 19.12, Mr. Stafford provided
12 certain explanations that fell into certain
13 categories. 11.06 and 11.07 were requested to
14 determine whether those explanations could, in fact,
15 be relied upon.

16 The questions, I believe, were asked on
17 specific line items in 19.12.

18 Q. And do you recall that one of the invoices
19 you questioned -- or there was a question in your
20 mind because there was an invoice amount for \$155 and
21 a general ledger amount of \$139?

22 A. Rounded, yes.

1 Q. Approximately?

2 A. Yeah.

3 Q. And since the Company did not explain that

4 discrepancy to your satisfaction, you're recommending

5 disallowance of the entire invoice, correct?

6 A. That's correct.

7 The amount that they say is supported

8 differs from the summary list.

9 Q. Okay. And that's the approach that you

10 applied consistently in your review; is that correct?

11 A. I try to, yes.

12 Q. Where there's a difference between the

13 invoice listing and the invoice itself, you disallow

14 all of it?

15 A. Yes.

16 Q. And you had mentioned Exhibit 19.12. And

17 would you accept subject to check that that exhibit

18 listed approximately 1300 invoices that the Company

19 provided explanations for?

20 A. I didn't make a line item account of how

21 many explanations are provided in 19.12.

22 Q. Okay. But if we wanted to know that, all

1 we would have to do is add them up, right?

2 A. I think so.

3 Q. Okay. And you understand that in some

4 cases, the Company agreed with you that an amount

5 couldn't be supported, correct?

6 A. Yes.

7 Q. And you understand that the Company is not

8 seeking recovery for additions that it acknowledges

9 are not adequately supported?

10 A. We have a difference of opinion to which

11 ones are supported.

12 Q. Well, for some of them, there is no

13 difference of opinion; is that right? The Company

14 agreed with you?

15 A. Yes, on an individual line item basis.

16 Q. And where the Company agrees with you, they

17 acknowledge that they can't recover those amounts?

18 A. Yes.

19 Q. Now, in other cases, the Company disagrees

20 with you and has provided reasons why they believe an

21 amount to support it, correct?

22 A. Yes.

1 Q. And in your rebuttal testimony, you address
2 a few examples of the Company's explanation of
3 different invoice amounts, correct?

4 A. Yes.

5 Q. Your testimony does not attempt to nor did
6 you as part of your work in this case attempt to
7 address each of the Company's explanations?

8 A. As I said, the review at the time of the
9 rebuttal when they provided the information that we
10 needed to look at to determine why there was a
11 difference, at this point, there's not enough time to
12 go through each individual line item to ask for each
13 specific.

14 What I did was took the categories --
15 there were several categories of explanation that
16 seem to occur throughout 19.6. So I asked questions
17 regarding those general categories.

18 Q. But again, the Company attempted to provide
19 an explanation for every invoice that they believed
20 had been disallowed; is that right?

21 A. An explanation, yes, not the source
22 documents.

1 Q. And you did not respond to those
2 explanations apart from the examples you cite in your
3 rebuttal testimony?

4 A. I could not go through it at that point in
5 time.

6 Q. And, in fact, you did not accept even one
7 of the Company's explanations?

8 A. Since my adjustment is on the basis of a
9 percentage --

10 Q. I'm asking a yes or no question.

11 JUDGE TAPIA: You can't talk at the same time
12 or the Court Reporter is going to have some
13 difficulties.

14 Rephrase the question.

15 BY MR. WHITT:

16 Q. You did not accept even one of the
17 Company's explanations?

18 A. Because of the answers that I received when
19 I sent questions related to the explanations in
20 19.12, the explanations in the data request responses
21 came back that in several instances, the explanation
22 Ameren had provided they were now backing off of and

1 not acknowledging that was not necessarily the
2 reason. That cast doubt on any other item listed for
3 which they had given that same explanation.

4 I tested several of those or requested
5 information on it, and the answers did not give me
6 any reason to change my position.

7 Q. Okay. Just so we're clear, the Company
8 provided, again subject to check, 1300 or so
9 explanations, correct?

10 A. They provided explanations.

11 Q. And at the end of the day, you did not
12 alter your adjustment based on those explanations
13 except for the correction of your own errors which
14 you identified; is that right?

15 A. An explanation does not substitute for
16 source documents. So no, I could not change based on
17 explanations alone.

18 Q. Now, I want to talk for a moment about
19 finance charges. And at the bottom of Line 19 of
20 your rebuttal --

21 A. 19 you just said?

22 Q. I may have just gave you a wrong page. I'm

1 not sure that we need to go to specific language.

2 But in general, do you recall testimony
3 where you've indicated that you find it troubling
4 that Ameren is expected to recover finance charges
5 from vendors?

6 A. Where they expect to recover from rate
7 payers where they paid late payment charges due to
8 not paying the invoice on time.

9 Q. Okay. Would you expect the Company to
10 verify the appropriateness of an invoice before
11 paying it?

12 A. Yes.

13 Q. Would you agree that utility companies
14 should not pay questionable invoices solely to avoid
15 finance charges?

16 A. I would think in the process of questioning
17 the invoice and resolving a dispute about an invoice,
18 the finance charge would go away if it was found that
19 Ameren was right in its contention to dispute the
20 invoice.

21 Q. But disputing the invoice is preferable to
22 just paying it to avoid a finance charge?

1 A. Correct.

2 Q. Would you agree that it's beneficial to
3 rate payers for the Company's to verify the
4 appropriateness of invoices before paying them?

5 A. Again, yes, I would say that's true.

6 Q. And again, you've reviewed thousands of
7 invoices in this case, correct?

8 A. Yes.

9 Q. And is it the case that only 10 or so
10 indicate that finance charges were paid?

11 A. I don't recall how many instances. I just
12 -- when I noticed it as an explanation provided in
13 response to the data request and I reviewed the
14 invoice, I did find it troublesome.

15 Q. And there's no list anywhere that can tell
16 us how many invoices there were or even which
17 invoices they were?

18 A. No, other than the ones I questions.

19 Q. Now, your direct testimony does not
20 recommend a permanent disallowance of any plant
21 items; is that correct?

22 A. That's correct.

1 Q. And you made this recommendation for the
2 first time on rebuttal, right?

3 A. That's correct.

4 Q. And I believe you've testified previously
5 that you did not have time to do a complete review of
6 the information that was provided to you in Exhibit
7 19.12; is that right?

8 A. I did not have time to go through each
9 individual invoice item that they listed and question
10 the Company to verify that explanation.

11 Q. And since you didn't do a complete review
12 of Exhibit 19.12, would you agree with me that we
13 can't rely on that exhibit as a basis for
14 recommending any permanent disallowance?

15 MS. VON QUALEN: Mr. Whitt, for clarification,
16 when you say since she didn't do a complete review,
17 are you kind of including Ms. Everson's previous
18 answer as your definition of not a complete review?

19 You had asked her did she do a complete
20 review and she explained the type of review that she
21 did. She didn't say that she didn't do a complete
22 review.

1 MR. WHITT: Well, I'm not sure that I'm under
2 oath here. I think the witness is following the
3 questions. I'm not sure if there's an objection.
4 JUDGE TAPIA: What's your objection, Ms. Von
5 Qualen?
6 MS. VON QUALEN: I think the question was
7 unclear. I'd ask him to rephrase it.
8 MR. WHITT: It's been answered.
9 BY MR. WHITT:
10 Q. Would you agree that Exhibit Ameren Exhibit
11 19.12 cannot be relied on as a basis for recommending
12 a permanent disallowance?
13 A. I'm basing my recommendation on my
14 schedules and my review. I'm not basing it on
15 Ameren's exhibit.
16 Q. Now, in your rebuttal testimony, you
17 acknowledge that Ameren provided updated responses to
18 MHE 3.03 and 3.06?
19 A. Yes.
20 Q. Now, at Line 545 of your rebuttal --
21 A. Yes, I see that.
22 Q. -- you indicate that the revised answers

1 were submitted on May 11, 2008, correct?

2 A. Yes.

3 Q. Is it the case that the revised answers or

4 supplemental answers actually were submitted on May

5 7, 2008?

6 A. That's the day the Company has on it. The

7 day I saw them in my in-box was May 11th.

8 Q. And the date indicated in your chart in

9 your testimony is May 7th?

10 A. Yes. I see that from the DR response.

11 Q. Now, in your rebuttal testimony, you

12 prepared a Schedule 14.03 for each of the Ameren

13 utilities, correct?

14 A. Yes, I did.

15 Q. And while we're looking at those, let's go

16 to Schedule 14.03 IP-G. And this is the schedule for

17 adjustments to plant additions to AmerenIP gas; is

18 that right?

19 A. That's correct.

20 Q. Now, if you'll refer with me to Page 3 of 3

21 of these schedules --

22 A. Yes, I see that.

1 Q. -- at the very bottom in the note section,
2 you indicate that Column C equals the invoice totals
3 plus electronic transactions per response to MHE
4 3.06.

5 Do you see that?

6 A. Yes.

7 Q. Now, if we can refer back to Ameren Cross
8 Exhibit Everson 7, would you agree with me that MHE
9 3.06 actually refers to AmerenIP electric projects?

10 A. I'm sorry. Ask me again.

11 Q. MHE 3.06 which we have as Ameren Cross
12 Exhibit 7 asks for projects regarding AmerenIP
13 electric; is that right?

14 A. Yes.

15 Q. And on Schedule 14.03 IP-G, which is
16 AmerenIP gas, you reference the response to MHE 3.06.

17 And I guess to cut to the chase --

18 A. I didn't correct that.

19 Q. That should be MHE 3.03?

20 A. Yes.

21 Q. And can we conclude, therefore, that you
22 relied on the project totals contained in the

1 response to MHE 3.03 to determine the project totals
2 in your schedule?

3 A. As originally provided to me.

4 I made no change in my schedules for
5 supplemental responses.

6 Q. Okay. Well, let's look at the attachments
7 provided in MHE 3.03. And I'll refer you to Ameren
8 Cross Exhibit Everson No. 4.

9 The last four pages of the exhibit
10 contain a summary listing of amounts for certain
11 projects; is that right?

12 A. The supplemental response?

13 Q. Yes.

14 A. Yes.

15 Q. And I understand that you're refusing to
16 consider the information provided in the supplemental
17 response to 3.03 and 3.06; is that right?

18 A. It came in roughly a week before our
19 testimony was to be filed. It came in and changed
20 certain components of these projects and contained no
21 explanation of why those components were changed.

22 So no, I did not make any changes to my

1 schedules based on those.

2 Q. Okay. And based on the fact -- I take it
3 that you didn't feel you had an opportunity to review
4 the supplemental information to verify it, correct?

5 A. That's the primary reason.

6 Q. Okay. And with that explanation in mind,
7 would you agree that it would be possible as truly a
8 mathematical exercise to update your Schedule 14.03
9 IP-G with the information provided in the
10 supplemental responses?

11 A. It could be done mathematically, yes.

12 Q. And, in fact, it's customary in rate case
13 proceedings for parties to exchange cell files with
14 one another to do that very thing, correct?

15 A. Yes.

16 MR. WHITT: May I approach?

17 JUDGE ALBERS: Mr. Whitt, while you're doing
18 that, do you have an estimate of how much time you
19 have left?

20 MR. WHITT: 10, 15 minutes.

21 JUDGE TAPIA: Mr. Whitt, if you do need more
22 time, that would be perfectly fine. We're not in a

1 rush here. We just wanted to see when a good time
2 would be to break for lunch.

3 MR. WHITT: Before I ask questions about this,
4 I will make clear for the record that although the
5 Ameren Cross Exhibit Everson 4 looks like a -- it's
6 based on the same format as the schedules prepared by
7 the witness, this schedule was not prepared by the
8 witness. It's based on her formula. But this is
9 something the company prepared.

10 I want to make that clear, I don't want
11 to suggest that.

12 JUDGE TAPIA: Thank you, counsel. The record
13 with reflect the verification.

14 MS. VON QUALEN: Mr. Whitt, you referenced
15 Everson 4, but really meant to reference Everson 8?

16 MR WHITT: I misspoke.

17 (Wherein, the Court Reporter
18 marked Ameren Cross Exhibit
19 Everson No. 8.)

20 BY MR. WHITT:

21 Q. Ms. Everson, I'll represent to you that
22 this is a revised version of your Schedule 14.03

1 IP-G, that it's been updated to reflect the May 7th
2 supplemental response to MHE 3.03.

3 And feel free to confirm that by looking
4 at the supplemental attachments.

5 A. I see that you've updated it, changed it.

6 Q. Okay. Would you agree with me that when
7 Schedule 14.03 IP-G is updated to reflect the
8 information provided in the supplement to MHE 3.03,
9 that the percentage shown on Page 3, Line 11 changes
10 from 51.74 percent in your schedule to 27.30 percent?

11 MS. VON QUALEN: I object to that question. I
12 believe it lacks a foundation.

13 I don't think we've established here
14 that it's been updated to include the supplemental
15 invoices provided that you referred to. I think you
16 have to establish that first.

17 JUDGE TAPIA: I'll sustain.

18 Mr. Whitt, if you can lay a foundation
19 and rephrase your question.

20 BY MR. WHITT:

21 Q. If you look at Page -- I'm asking these
22 questions to lay a foundation.

1 Go with me to Page 3 of 3 of Cross
2 Exhibit 8.

3 A. Is that referring to Cross Exhibit 8?

4 Q. Yes.

5 A. Yes, I see that.

6 Q. And then go to Page 1 of 4 of the
7 supplemental attachments in Cross Exhibit 4.

8 A. Yes, I see that.

9 Q. If you look at the project totals in the
10 Attachments 1 through four, those match the project
11 totals on Page 3 of Exhibit 8, Column B?

12 A. Yes, I would agree with that.

13 Q. And the description in the total invoices
14 column, the total invoice amounts in the supplemental
15 attachments match the total invoice amounts in Column
16 C of Exhibit 8?

17 A. I believe as for the first project -- would
18 you ask your question again.

19 MR. WHITT: Can you read the question back?

20 (WHEREIN, the Court Reporter
21 read back the last question.)

22 A. Looking at Pages 1 through 4, I'll start

1 with No. 1. The amount that matches the amount on
2 MHE 3.03, supplemental attachment contributed to
3 Project 19053, that is equivalent to the amount in
4 the total invoice column on Ameren's response to MHE
5 3.03 supplemental. It is labeled, cash value issued
6 not total invoices.

7 JUDGE TAPIA: Ms. Everson, if you could keep
8 your voice up.

9 A. I think on other ones -- and again, this is
10 not my schedule -- what I believe you have done is
11 for Project 17214, you've combined the amounts of
12 cash vouchers issued and electronic transactions for
13 the amounts in Column C for Project 17214.

14 I believe the same thing is represented
15 in the total invoice column. It represents the first
16 two amounts related to Project 18157, cash vouchers
17 and electronic transactions.

18 And again on Project 17182, I believe
19 that's two amounts that you've combined.

20 BY MR. WHITT:

21 Q. Okay. So you would agree with me that if
22 we add the cash vouchers and electronic transactions

1 for each project per the information provided in the
2 supplemental attachments, that those figures are
3 reflected in the updated Schedule 14.03 IP-G?

4 A. Again, from just a rough estimating sitting
5 here looking at your schedule, your numbers, I
6 believe that's what you've put in your schedule here.

7 Q. Okay. And if we go to Page 3 of 3 of
8 Exhibit 8, Line 11 shows an adjustment percentage of
9 27.30, correct?

10 A. On your schedule, yes.

11 Q. Okay. And on Page 2, Line 7, the amount of
12 additions not supported changes from approximately 50
13 million to 26 million, correct?

14 A. It shows 26 on your schedule, yes.

15 Q. I want to talk about the recommendations
16 you've made to the Commission.

17 And one of those recommendations is the
18 Ameren companies performed an annual audit of plant
19 additions; is that right?

20 A. Yes. That's correct.

21 Q. Would you consider such an audit to be
22 binding for rate making purposes?

1 A. No.

2 Q. So if Staff reviewed the additions and
3 determined that they were supported, those additions
4 would continue to be litigated in the next rate case
5 potentially?

6 A. Potentially.

7 Q. And you also recommend that the Ameren
8 company be fined, correct?

9 A. Yes.

10 Q. And you state that the companies have
11 violated Parts 420 and 510 the Public Utilities Act,
12 correct?

13 A. At this point, I think the Ameren companies
14 admitted that they failed to retain records that were
15 needed to support for the plant additions.

16 Q. Do you consider yourself to have authority
17 to make determinations of violations of the Public
18 Utilities Act?

19 A. It's my opinion since they cannot
20 support -- they admitted they did not retain records
21 and some were even inadvertently destroyed. I feel
22 they have failed to live up to their obligation to

1 retain their records and that I consider to be a
2 violation.

3 It's up to the Commission to decide.

4 Q. And you're also recommending permanent
5 disallowances of plant additions, correct?

6 A. That's correct.

7 Q. And your recommended disallowance is based
8 on a percentage that is applied to total additions,
9 as we've talked about, right?

10 A. Yes.

11 Q. Your adjustments is not based on a
12 disallowance of specific assets?

13 A. No, it's not based on specific assets.

14 MR. WHITT: If I could just have a very brief
15 moment.

16 JUDGE TAPIA: That's fine.

17 (Wherein, a brief break was
18 taken.)

19 MR. WHITT: That concludes my questions.

20 Thank you.

21 JUDGE ALBERS: Thank you, Mr. Whitt.

22 Mr. Sturtevant?

1 MR. STURTEVANT: I do have two quick questions
2 having located the Account 283.

3 CROSS-EXAMINATION CONTINUED

4 QUESTIONS BY MR. STURTEVANT:

5 Q. Ms. Everson, I have 8311 Code, Section
6 5058230 entitled, Account 823 that I've just handed
7 you.

8 You testified earlier that you're
9 familiar with Account 823, correct?

10 A. Generally familiar, yes.

11 Q. And do you recognize this as the language
12 of Account 823?

13 A. I recognize part of it. It's probably that
14 my copy in my office doesn't have all of this
15 language. But I see what you're saying here.

16 Q. Accepting this as a correct copy of the
17 Account 823 from the Commission's rules, I'd like to
18 ask you --

19 A. Is this the current one?

20 Q. Ms. Everson, if you look at the bottom of
21 this page, it indicates it was obtained from the
22 Commission's website; is that correct?

1 A. Yes, I see that.

2 Q. And it was obtained today?

3 A. Yes, I see that.

4 Q. So it would be correct that this would

5 represent the current copy or the current version of

6 Account 823; is that right?

7 A. Well, if comes from the Commission's

8 website, that's -- I believe there's different

9 language in the copy that I have upstairs. So what

10 my hesitation is is that I'm unfamiliar with certain

11 of the words here in this copy.

12 Q. Is it possible that -- and so it would be

13 possible that your copy might be out of date?

14 A. It could be.

15 I don't believe it is.

16 Q. Focusing our attention, then, on the

17 language that you have before you and accepting that

18 the copy you have in your office says something

19 different, the language of Account 823 as set out

20 here, there's no language in this that specifically

21 limit gas losses to physical losses; is that correct?

22 A. No. On what you have here, no, there's

1 nothing.

2 Q. And there's no language in what's here that
3 expressly requires that gas losses be related to a
4 specific incident; is that correct?

5 A. No. I would agree with you.

6 MR. STURTEVANT: That's all the questions I
7 have.

8 JUDGE TAPIA: Thank you, Mr. Sturtevant.

9 Mr. Mossos, do you questions?

10 MR. MOSSOS: We have no questions.

11 JUDGE ALBERS: Ms. Van Qualen, if you have a
12 lot of redirect, we can go ahead and proceed after
13 lunch. Or if you want to proceed --

14 MS. VON QUALEN: I would want to have a brief
15 recess anyhow. So after lunch would be fine with me.

16 JUDGE ALBERS: Let me ask one question.

17 You recommend a fine?

18 MS. EVERSON: Yes.

19 JUDGE ALBERS: Do you have any suggestions on
20 how that would be calculated or what amounts would be
21 reviewed?

22 MS. EVERSON: My thought was I would leave it

1 up to the Commission to see if they agree with me
2 and if they would want to put a dollar amount on it.

3 But no, I don't have any specific
4 recommendation as to a dollar amount.

5 JUDGE TAPIA: We'll go ahead and break for
6 lunch, and then we'll have Ms. Von Qualen do redirect
7 and proceed with re-cross.

8 We'll come back at 1:15.

9 (Whereupon the hearing was in
10 recess for lunch until 1:15
11 p.m.)
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1 AFTERNOON SESSION

2 (Whereupon the proceedings are
3 now being stenographically
4 reported by Laurel A. Patkes.)

5 JUDGE TAPIA: Ms. Von Qualen, do you have any
6 redirect?

7 MS. VON QUALEN: Yes, I have a couple
8 questions.

9 JUDGE TAPIA: And, Ms. Everson, if I can remind
10 you to speak up.

11 Thank you very much.

12 REDIRECT EXAMINATION

13 BY MS. VON QUALEN:

14 Q. Ms. Everson, do you recall Mr. Whitt's
15 questions regarding the continuing property records
16 and retirement property records that were requested
17 of Ameren?

18 A. Yes.

19 Q. Could you explain how you used that
20 information in your analysis?

21 A. I used that data to generally ascertain the
22 level of plant addition since the company's last rate

1 case.

2 Q. Are those records generally used to
3 determine if the costs incurred for such plant are
4 allowable for rate recovery?

5 A. No, they're not.

6 To determine whether plant additions
7 since the last rate case are allowable for rate
8 recovery, it's important for the utility to provide
9 the adequate documentation that supports the amount
10 of cost it alleges to have incurred.

11 Q. Ms. Everson, you testified that you
12 disallow the whole invoice if there's a difference
13 between the invoice, the amount on the invoice and
14 the listing.

15 Could you explain that?

16 A. When you have a difference between the
17 listing and the invoice, and even with an
18 explanation, it may not be that that's the correct
19 invoice to go with that amount, and so that is why
20 the entire invoice was disallowed in my analysis.

21 Q. And finally, Ms. Everson, did you have an
22 opportunity to review your uniform system of

1 accounts?

2 A. Yes, I did.

3 Q. And was the copy that Mr. Sturtevant gave
4 you the same as what you normally rely upon?

5 A. Yes, it is. My copy upstairs has
6 strike-out amounts, and I just didn't recognize this
7 copy.

8 What Mr. Sturtevant showed me was
9 correct.

10 MS. VON QUALEN: Thank you. That's all the
11 questions I have.

12 JUDGE TAPIA: Thank you, Ms. Von Qualen.

13 Recross?

14 MR. WHITT: No recross.

15 JUDGE TAPIA: Okay. Mr. Whitt or
16 Mr. Sturtevant, do you have any objection to the
17 admission of direct testimony of Ms. Everson
18 identified as revised direct testimony identified as
19 2.0R with attachments and schedules and the rebuttal
20 testimony identified of Ms. Everson, 14.0 with
21 attachments and schedules, noting the correction line
22 on 511 and 512 inserting the proper heading.

1 MR. WHITT: No objection.

2 JUDGE TAPIA: Thank you.

3 The two exhibits previously stated are

4 admitted into evidence.

5 (Whereupon ICC Staff Exhibits

6 2.0R and 14.0 were admitted into

7 evidence at this time.)

8 JUDGE TAPIA: Thank you, Ms. Everson.

9 (Witness excused.)

10 MR. WHITT: Your Honor, Ameren would also move

11 to have its exhibits entered into evidence;

12 specifically, Ameren Cross Exhibits Everson 1 through

13 9.

14 JUDGE TAPIA: Okay. Any objections, Ms. Von

15 Qualen?

16 MS. VON QUALEN: Yes.

17 I object to Ameren Cross Exhibit

18 Everson 1 only because it is incomplete.

19 If you look, these are responses by

20 Ms. Everson, but they all refer to her response to

21 1.01 which was the request for work papers, and her

22 work papers are not included here.

1 It just seems to me that since her
2 response refers to the work papers themselves, to not
3 include them, and particularly for 508 which the
4 entire response is a reference to work papers, is not
5 appropriate.

6 JUDGE TAPIA: Is it my understanding the
7 working papers are in the record though?

8 MS. VON QUALEN: I don't think that they are,
9 no; well, only as -- I think we attached them to our
10 response to the motion to compel.

11 JUDGE TAPIA: Mr. Whitt, your response?

12 MR. WHITT: If I may, Your Honor, I believe
13 there are numerous instances in this proceeding where
14 DR responses have been admitted without attachments,
15 particularly where the attachments are quite
16 voluminous.

17 In my questioning of the witness, I
18 believe we established what was or was not in the
19 work papers.

20 The work papers aren't really
21 material, but it would assist the trier of fact here
22 to have the request in the record, at least for

1 clarity.

2 JUDGE TAPIA: I'm going to overrule the
3 objection, and I'm going to allow Exhibit 1 to be
4 admitted into evidence.

5 Any other objection, Ms. Von Qualen?

6 MS. VON QUALEN: Yes. I also object to Ameren
7 Cross Exhibit Everson 8 which is not Ms. Everson's
8 work paper, and I don't believe she should be the
9 sponsoring witness for it.

10 JUDGE TAPIA: Response, Mr. Whitt?

11 MR. WHITT: Your Honor, the witness
12 acknowledged that the information contained in the
13 supplemental response was reflected in the updated
14 exhibit. We made it clear that this was not the
15 witness's work product.

16 The point of the questioning was
17 merely to go through a mathematical exercise that the
18 witness agreed to; again, understanding the witness's
19 position it's not her calculation.

20 JUDGE TAPIA: I'm going to overrule the
21 objection. I recall a proper foundation was laid,
22 and Ms. Everson did agree with it.

1 8 will be admitted into evidence as
2 well.

3 So to recap, Ameren Everson Cross
4 Exhibits 1 through 9 are admitted into evidence.

5 (Whereupon Ameren Cross Exhibits
6 Everson 1 through 9 were
7 admitted into evidence at this
8 time.)

9 MS. VON QUALEN: Thank you.

10 JUDGE TAPIA: Your next witness?

11 MR. STURTEVANT: I believe Mr. Martin is here.

12 MS. EARL: Laura Earl with Jones Day, 77 West
13 Wacker, Chicago, Illinois 60601.

14 Your Honor, before we begin, I would
15 like to pass out a demonstrative exhibit that
16 Mr. Martin has prepared.

17 You may know the energy tool kit that
18 is the subject of his testimony in this case talks
19 about how the energy tool kit was in progress, being
20 developed during this case, and since that time,
21 since our surrebuttal testimony has been filed, the
22 project actually has gone online, so we have some

1 screen prints that we believe might be helpful in
2 Mr. Martin's explanation of what a tool kit is and
3 the benefits that it offers.

4 JUDGE ALBERS: Why don't you go ahead and pass
5 them out and we'll see what they are.

6 MS. EARL: Just to be clear, we're not offering
7 this as an exhibit into evidence but just as a
8 demonstrative exhibit.

9 JUDGE ALBERS: Would you stand, Mr. Martin, and
10 I'll swear you in?

11 (Whereupon the witness was sworn
12 by Judge Albers.)

13 KEITH MARTIN

14 called as a witness herein, on behalf of Petitioners,
15 having been first duly sworn on his oath, was
16 examined and testified as follows:

17 DIRECT EXAMINATION

18 BY MS. EARL:

19 Q. Mr. Martin, would you please state your
20 name and business address for the record?

21 A. Yes. My name is Keith Martin, 300 Liberty
22 Street, Peoria, Illinois 61602.

1 Q. By whom are you employed?

2 A. I am employed with Ameren.

3 Q. And what's your title with Ameren?

4 A. My title is manager of customer service and
5 energy efficiency.

6 Q. Mr. Martin, do you have before you the
7 rebuttal and surrebuttal testimony you've prepared
8 for this case, specifically, Ameren Exhibit 32.0
9 Revised, Ameren Exhibit 32.1, Ameren Exhibit 32.2,
10 Ameren Exhibit 56.0, and Ameren Exhibit 56.1?

11 A. Yes, I do.

12 Q. Were these documents prepared by you or
13 under your direction?

14 A. Yes, they were.

15 Q. And to the best of your knowledge, is the
16 information in these documents true and correct?

17 A. Yes, it is.

18 Q. If I asked you the same questions that are
19 set forth in these documents, would you answer the
20 same today?

21 A. Yes, I would.

22 MS. EARL: At this time, I'd like to move to

1 enter these exhibits into evidence and tender the
2 witness for cross-examination.

3 JUDGE ALBERS: All right. We'll address the
4 admissibility following the questions, I guess my
5 questions.

6 First, thank you for coming
7 Mr. Martin. I realize it was late notice, my request
8 that I be able to talk to you.

9 I'm hoping that I can get a better
10 sense from questioning you of actually how the energy
11 tool kit program works.

12 EXAMINATION

13 BY JUDGE ALBERS:

14 Q. If I were a customer and I logged on at
15 home, how would I use the energy tool kit program?
16 What would benefit me as a customer?

17 A. Okay. The energy tool kit was implemented
18 approximately a week ago, so I had the opportunity to
19 use the tool kit for the first time myself yesterday.
20 I logged into ameren.com.

21 The first screen that is displayed is
22 shown on the first two sheets of this handout, and

1 you can see on this sheet it shows my account
2 information, my address, and then the process asks
3 the customer a few very basic questions about my
4 property, when it was built, the number of rooms.

5 It also asks basic questions about the
6 fuel type that's used for each of the heating,
7 cooling, and water heating systems.

8 On page 2, then it asks a few other
9 very basic questions. That part of the survey takes
10 probably less than five minutes.

11 On the third page then is the first
12 series of screens that are provided to the customer.

13 This particular set of screens is
14 referred to as the bill analysis report. This
15 analysis report would be available for a customer who
16 was using an online, via online Web tool.

17 It would also be available to a call
18 center agent, and the same information could be
19 e-mailed to the customer or mailed through
20 traditional mail with this level of detail.

21 So page 3 you see the breakdown for
22 the bill showing the comparison between last month's

1 usage and rates and current month.

2 The breakdown of the bill also then
3 shows at the bottom of the page changes to the bill
4 and the causes of those changes, examples of changes
5 in weather, changes in rates, or the changes in the
6 billing period.

7 I might also point out on this
8 particular screen that any of the words in blue and
9 underlined are links that the customer can click on
10 or the agent can click on to see additional detail
11 about that particular charge.

12 On the next page is a further
13 breakdown. This is labeled page 2 of 3, and you can
14 see the line item details for the electric charges,
15 and then below that are line items detailed for the
16 gas charges.

17 Again, a customer can look at the
18 impact to their total charges for each fuel by things
19 such as the number of days in the billing period,
20 changes in rates or changes in usage.

21 So the first set of screens the
22 customer sees really is a bill analysis tool that

1 helps them understand how usage may have changed due
2 to weather or how prices may have changed.

3 From there, the customer can click on
4 one of the tabs and can see how they can find ways
5 for saving energy, and this is the sixth page of the
6 handout referred to as "Home Analyzer, My Home Energy
7 Center," and I'm looking at page 1 of 2.

8 If you look at the lower right hand
9 section of this page, again, this is my particular
10 account based on my initial profile information. It
11 shows the breakdown of my annual energy cost for both
12 gas and electric service and shows to me the amount
13 of money I've spent for heating, cooling, hot water,
14 lighting, food, storage, other, and cooking.

15 Just above that, it compares my energy
16 bill to the average home so I can have a sense of if
17 my energy consumption is higher or lower than
18 average.

19 This section of the tool also provides
20 savings opportunities and suggestions on how a
21 customer might reduce their energy bill.

22 For my situation and my home, it

1 recommended really three major areas.

2 The first was to consider insulating
3 the water heater tank.

4 The second was to consider use of
5 compact fluorescent light fixtures.

6 And the third was to consider
7 installing programmable thermostats or sealing leaks
8 and heating ducts.

9 Q. May I ask you a question about that?

10 A. Sure.

11 Q. The pie chart there in the bottom
12 right-hand corner, is that based on estimated
13 averages of what one would save or, no, pardon me,
14 not saved but what one would spend on say heating
15 given the input that you've provided on the first
16 page?

17 A. It is correct based on the Ameren specific
18 rates, the service territory and the weather patterns
19 for this service territory along with that initial
20 survey.

21 Now, the tool also allows the agent or
22 the customer to refine the amount of data in that

1 survey.

2 As an example, they can actually show
3 or enter data related to the age of their appliances,
4 the age of their HVAC equipment, or the number of
5 lights in their home.

6 That additional information then will
7 revise those estimates.

8 In my situation, since it was
9 recommending CFL lighting, each of those savings
10 opportunities are links then that allow the customer
11 to further explore how they might save energy.

12 Those links then will allow you to put
13 in specific information about the number of lights in
14 your home, the wattage of those lights, and the
15 estimated savings by replacing those incandescent
16 lights with fluorescent lights, and the results of
17 that analysis is actually shown on the last page of
18 the document.

19 I'd like to also point out that two
20 pages prior to that, there are several modules that
21 allow the customer to refine their assumptions or
22 their data and then find additional ways to save

1 energy.

2 The lighting improvements category is
3 the module that generated the last screen shot in
4 this packet, but there are also modules related to
5 cooling improvements, heating improvements, and
6 improvements to your appliances.

7 And again, the changes to that data
8 assumes Ameren rates and customer specific usage.

9 Q. This is available right now to customers?

10 A. As of about a week ago, Phase 1 was
11 implemented.

12 Phase 1 is the online tool that allows
13 any customer to go to ameren.com, log in and see
14 their specific usage data and the current rates.

15 Phase 2 will be implemented in late
16 July. That will allow the agent to have the same
17 access and be able to respond to callers in the same
18 manner.

19 The agent can then mail the energy
20 audit to the consumer.

21 Q. Is the software such that it can be easily
22 modified to add additional services for lack of a

1 better word for the customer to use?

2 A. The software is very customizable. This is
3 software that's widely used throughout the utility
4 industry. The company that manages this service is a
5 company by the name of Aclara. They customize this
6 software for all markets in the United States.

7 Q. So it's not an Ameren unique --

8 A. No, no, it is not.

9 Q. And this thought just occurred to me. If
10 say the Rider VBA were approved, that somehow would
11 be reflected then in people's ability to estimate
12 their gas bills or attempt to save money on their gas
13 bills? Does that say it better?

14 A. Certainly the tool has the capability, and
15 the ability is in place today, to show the customer
16 the purchased gas adjustment factor along with all
17 other billing line items.

18 It would also reflect reduction in
19 usage if they would install high efficient gas
20 equipment.

21 I really can't speak to the effect of
22 Rider VBA.

1 Q. I'm not sure if it would have one. It just
2 popped in there.

3 A. Okay.

4 Q. And what is the amount then that staff
5 seeks to remove that's reflected in the tool kit
6 expenses?

7 A. I don't recall that amount.

8 Q. Okay. All right.

9 And if the Commission were to decide
10 not to allow that amount to be recovered, would we
11 expect to see this disappear off the Ameren Web page?

12 A. My testimony has indicated that if these
13 costs would be disallowed, it would be apparent to us
14 that the Commission finds the software to be of no
15 value, and we would not offer it to consumers.

16 Q. Okay. If customers had already taken some
17 of these energy saving suggestions, is there a way to
18 reflect that and get further feedback from the tool
19 kit?

20 A. They certainly I believe could model or use
21 the tool in a manner that assumes those measures are
22 in place, and those measures are not in place, and

1 they could see an estimate on the change in usage or
2 the change in their charges.

3 JUDGE ALBERS: Okay.

4 JUDGE TAPIA: I have one question for
5 Mr. Martin.

6 EXAMINATION

7 BY MR. JUDGE TAPIA:

8 Q. How are consumers becoming aware of this
9 tool kit?

10 A. It is now available on the Web site. It
11 has also been and will be advertised within our bill
12 inserts.

13 As we market the energy efficiency
14 programs, we will also use those marketing channels
15 to encourage customers to use the online tool or to
16 call our agents to have an energy audit performed.

17 EXAMINATION

18 BY MR. JUDGE ALBERS: (Cont'd.)

19 Q. I suppose one of the primary differences
20 between the energy tool kit and other software or
21 internet tools out there is that this is geared
22 specifically to Ameren's rates or the particular

1 operating utility's rates?

2 A. That's correct. The Aclara Company has
3 deployed this tool kit at many utilities across the
4 United States.

5 Each time they deploy it for a
6 utility, they use the specific rates for that
7 utility, the weather for that utility, the billing
8 cycle information. They even use local retail prices
9 for energy efficiency products.

10 JUDGE ALBERS: All right. Well, thank you,
11 Mr. Martin.

12 Does anyone else have any questions?

13 All right. Do you have any redirect?

14 MS. EARL: No, Your Honor.

15 JUDGE ALBERS: All right. Thank you.

16 (Witness excused.)

17 JUDGE ALBERS: Any objection then to
18 Mr. Martin's exhibits?

19 If none, then Ameren Exhibits 32.0
20 Revised, 32.1, 32.2, 56.0, and 56.1 are admitted.

21

22

1 (Whereupon Ameren Exhibits 32.0
2 Revised, 32.1, 32.2, 56.0 and
3 56.1 were admitted into evidence
4 at this time.)
5 JUDGE ALBERS: Is our next witness Mr. Rockrohr
6 or Mr. Anderson?
7 MS. BUELL: I believe Mr. Anderson, Your Honor.
8 JUDGE ALBERS: Okay.
9 MS. BUELL: Staff calls Mr. Dennis L. Anderson
10 to the stand.
11 Your Honor, Mr. Anderson was not sworn
12 in this morning.
13 JUDGE TAPIA: Okay. Can you raise your right
14 hand?
15 (Whereupon the witness was sworn
16 by Judge Tapia.)
17 JUDGE TAPIA: Thank you.
18 MS. BUELL: Good afternoon, Mr. Anderson.
19 MR. ANDERSON: Good afternoon.
20
21
22

1 DENNIS L. ANDERSON

2 called as a witness herein, on behalf of staff of the
3 Illinois Commerce Commission, having been first duly
4 sworn on his oath, was examined and testified as
5 follows:

6 DIRECT EXAMINATION

7 BY MS. BUELL:

8 Q. Will you please state your full name for
9 the record?

10 A. Dennis L. Anderson.

11 Q. And, Mr. Anderson, what is your position at
12 the Illinois Commerce Commission?

13 A. I'm a senior energy engineer in the gas
14 department.

15 Q. Have you prepared written testimony for
16 purposes of this proceeding?

17 A. Yes, I have.

18 Q. Have you prepared the direct testimony of
19 Dennis L. Anderson which has previously been marked
20 for identification as ICC Staff Exhibit 8.0 filed via
21 the Commission's e-docket system on March 14, 2008?

22 A. Yes.

1 Q. This testimony contains no attachments, is
2 that correct?

3 A. That's correct.

4 Q. Have you also prepared for this proceeding
5 the rebuttal testimony of Dennis L. Anderson
6 previously marked for identification as ICC staff
7 Exhibit 20.0?

8 A. Yes.

9 Q. And is it also correct that this exhibit
10 has no attachments and was filed via the Commission's
11 e-docket system on May 14, 2008?

12 A. That's correct.

13 Q. Are the responses contained in these two
14 testimonies true and correct to the best of your
15 knowledge?

16 A. Yes, they are.

17 Q. And if I were to ask you the same questions
18 today, would your responses be the same?

19 A. Yes, they would be.

20 MS. BUELL: Your Honor, staff moves for
21 admission into the evidentiary record ICC Staff
22 Exhibit 8.0 and ICC Staff Exhibit 20.0.

1 JUDGE TAPIA: Thank you, Ms. Buell.

2 We will rule on the admissibility
3 following cross-examination.

4 MS. BUELL: Thank you.

5 In that case, Your Honor, staff
6 tenders Mr. Anderson for cross-examination.

7 JUDGE TAPIA: Thank you, Ms. Buell.

8 Mr. Sturtevant?

9 MR. STURTEVANT: Good afternoon, Mr. Anderson.
10 My name is Albert Sturtevant. I'm an attorney for
11 the Ameren Illinois utilities.

12 CROSS-EXAMINATION

13 BY MR. STURTEVANT:

14 Q. I'd like to begin by directing you to page
15 7 of your rebuttal testimony, lines 130 through 131.

16 A. Okay.

17 Q. And it's correct, is it not, you state
18 there that it is possible that a performance
19 variation could include actual physical losses?

20 A. That's correct. I state it's possible.

21 Q. And then I'd like to further direct you to
22 page 9 of your rebuttal testimony, lines 178 and 179.

1 Do you state there that physical
2 losses represent a known loss of gas from a storage
3 field as a result of a specific incident?

4 A. That's correct.

5 Q. Turning you back now to page 8 of your
6 rebuttal testimony, lines 155 through 158, do I
7 understand that testimony to be saying you believe
8 that the major cause of performance variations is the
9 migration of working gas to non-recoverable base gas?

10 A. That is correct.

11 What I state in my testimony is that
12 when Ameren or the gas industry performs what I refer
13 to as a performance variation, they simply do the
14 best job they can using engineering calculations,
15 physical observations of the storage field, and
16 physical testing to determine if the results of these
17 studies compare with the accounting inventory in the
18 field, and I've stated in testimony, and I believe
19 Mr. Underwood in his surrebuttal testimony agrees,
20 that that particular calculation does not indicate
21 what happens to the gas, whether it's a physical loss
22 or if it's migration and non-recoverable.

1 Q. But your testimony is that the major cause
2 of performance variations in your opinion is
3 migration of working gas to non-recoverable base gas?

4 A. That is correct in my opinion.

5 Q. If in your opinion migration of working gas
6 and non-recoverable base gas is the major cause of
7 performance variations, that would mean that there
8 are some other causes of performance variations, is
9 that correct?

10 A. That's correct.

11 Q. And one of those causes could be physical
12 losses, is that correct?

13 A. Well, I agree it could be.

14 What I've stated in terms of
15 performance variation, you don't know. Neither
16 Ameren, the industry or myself can determine where
17 that gas is.

18 Q. So you don't believe there's any way to
19 quantify?

20 A. I know of no method. Mr. Underwood in his
21 testimony says he knows of no method.

22 Q. And I guess just to continue on the

1 question regarding other causes of performance
2 variations, if there are other causes of performance
3 variations, that would mean not all performance
4 variations result from migration to non-recoverable
5 base?

6 A. Well, I'd agree with your statement. I
7 think, you know, the testimony provided by Ameren
8 provides no reasonable explanation to me about where
9 this gas went.

10 Q. Okay. But --

11 A. There's no indication provided that -- you
12 know, metering accuracy is mentioned, but it's not
13 indicated to be a plus or minus accuracy.

14 Q. My question --

15 A. They talk about estimates that they make,
16 and there's no indication that can't be a plus or
17 minus accuracy.

18 So, no, there's no explanation for it.

19 Q. Okay. But my question I think was a little
20 simpler, and that is that not all performance
21 variations result from migration to non-recoverable
22 base, correct?

1 A. It's unknown what they result from.

2 Q. But not all of them -- let me back up.

3 You agree that the major cause of
4 performance variations is migration to
5 non-recoverable base, but that means that not all
6 performance variations are migration to
7 non-recoverable base, correct?

8 A. That's correct. I indicate in testimony
9 there could be some minor losses that don't fall in
10 that category.

11 Q. Okay.

12 And then to the extent that a
13 performance variation results from a physical loss of
14 gas, that performance variation would not constitute
15 migration to non-recoverable base, is that correct?

16 A. I think you're asking a very hypothetical
17 question. I've stated nobody knows where the gas
18 goes.

19 Q. But you have also stated, have you not,
20 that you believe that the major factor or portion of
21 performance variations is migration to
22 non-recoverable base?

1 A. That's what I state in testimony. That's
2 correct.

3 Q. So all I'm asking is to the extent that
4 it's something other than this major factor,
5 migration to non-recoverable base, and to the extent
6 that something is physical loss of gas, a performance
7 variation which is a physical loss of gas is not a
8 migration to non-recoverable base?

9 A. I don't understand your question.
10 You're saying it's a physical loss of
11 gas, and in my testimony I say it's not a physical
12 loss of gas.

13 Q. What I'm asking you is to the extent a
14 performance variation, as I believe you acknowledged
15 could happen, results from a physical loss of gas,
16 that's not the same as or would not constitute a
17 migration to non-recoverable base?

18 A. Could you repeat that question?

19 Q. You've acknowledged that performance
20 variation could result from physical loss of gas,
21 correct?

22 A. It's theoretically possible.

1 Q. So such a physical loss of gas would not
2 constitute what you would consider a migration to
3 non-recoverable base?

4 A. It's theoretically possible; that's
5 correct.

6 Q. You developed the term underground storage
7 performance field variation, is that correct?

8 A. That's correct.

9 Q. Would it be fair to say that you've
10 invented the term?

11 A. No, I don't think I invented the term. I
12 think Mr. Underwood in his testimony indicates that
13 he agrees with the procedure Ameren uses to calculate
14 or to do what I call a performance variation, and
15 that's exactly what they do.

16 I used the term performance variation
17 because using the term loss to me in the context of
18 that proceeding is really somewhat meaningless. I
19 think it's very confusing and adds nothing to the
20 knowledge of where the gas goes. So I use the term
21 performance variation.

22 Q. But you would agree that the term

1 underground storage performance variations is not a
2 term commonly used in the gas industry, correct?

3 A. The term is not commonly used, but what I
4 describe as a performance variation is what Ameren
5 uses and what is used in the industry.

6 Q. Mr. Anderson, you did not rely on any
7 engineering textbooks or treatises in developing the
8 term underground storage performance variation, is
9 that correct?

10 A. No. I relied on my 30 plus years in the
11 gas industry and my years at the Commission.

12 Q. All right. You also did not rely on any
13 engineering studies in developing that term, is that
14 correct?

15 A. I relied on what Ameren provided me.

16 Q. And it's true, is it not, that you did not
17 rely on any engineering or technical documents
18 whatsoever in developing the term underground
19 performance storage variations?

20 A. That's true, but in witness Underwood's
21 testimony, he references Tek. I've attended classes
22 that Tek has taught, and in the quote that

1 Mr. Underwood has in his testimony, he indicates that
2 Tek uses the word bubble expansion, and to me, that's
3 migration of non-recoverable gas. That's common in
4 the industry.

5 Q. But you did not identify any specific
6 documents that you relied on in developing the term
7 underground storage performance variation?

8 A. That's correct. Most of the engineering
9 material that's out there is oriented towards
10 reservoir engineering, not talking about talking
11 about accounting to reservoir engineering issues.

12 MR. STURTEVANT: That's all the questions I
13 have of Mr. Anderson.

14 JUDGE TAPIA: Thank you.

15 Ms. Buell, redirect?

16 MS. BUELL: I just have one question on
17 redirect I believe.

18 REDIRECT EXAMINATION

19 BY MS. BUELL:

20 Q. Mr. Anderson, do you recall when Mr. Stuart
21 asked you about the development of the term
22 performance variation?

1 A. Yes.

2 Q. Is it correct that you use the term
3 performance variation to clarify the issues in this
4 proceeding?

5 A. Yes, that's true.

6 MS. BUELL: I have nothing further.

7 JUDGE TAPIA: Thank you.

8 Any recross?

9 MR. STURTEVANT: No, Your Honor.

10 JUDGE TAPIA: Mr. Sturtevant, do you have any
11 objection to the admission of Mr. Anderson's direct
12 testimony identified as ICC Staff Exhibit 8.0 and
13 rebuttal testimony identified as ICC Staff
14 Exhibit 20.0?

15 MR. STURTEVANT: No objection, Your Honor.

16 JUDGE TAPIA: Hearing no objection, ICC Staff
17 Exhibits 8.0 and 20.0 which are the direct and
18 rebuttal testimony of Mr. Anderson are admitted into
19 evidence.

20 (Whereupon ICC Staff Exhibits
21 8.0 and 20.0 were admitted into
22 evidence at this time.)

1 MS. BUELL: Thank you, Judge.

2 JUDGE TAPIA: Thank you, Mr. Anderson.

3 (Witness excused.)

4 JUDGE TAPIA: Ms. Buell, who's your next
5 witness?

6 MS. BUELL: Greg Rockrohr.

7 JUDGE TAPIA: Okay. He's probably going to go
8 for a while.

9 JUDGE YODER: There's about an hour and a half
10 reserved for him.

11 JUDGE TAPIA: Okay. Why don't we take a break
12 then.

13 (Recess taken.)

14 JUDGE TAPIA: We'll go ahead and start.
15 Mr. Olivero?

16 MR. OLIVERO: Thank you, Your Honor.

17 We will call Greg Rockrohr to the
18 stand, please.

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GREG ROCKROHR

called as a witness herein, on behalf of staff of the
Illinois Commerce Commission, having been first duly
sworn on his oath, was examined and testified as
follows:

DIRECT EXAMINATION

BY MR. OLIVERO:

Q. Mr. Rockrohr, would you please state your
name and spell your last name for the record?

A. Greg Rockrohr (R-o-c-k-r-o-h-r).

Q. And, Mr. Rockrohr, what is your position
with the Illinois Commerce Commission?

A. I'm a senior electrical engineer.

Q. Thank you.

Mr. Rockrohr, have you prepared
written testimony for purposes of this proceeding?

A. Yes.

Q. And do you have before you your direct
testimony which is identified as "Direct Testimony of
Greg Rockrohr "which has been marked for
identification as ICC Staff Exhibit 10.0 and the
attachments thereto?

1 A. Yes.

2 Q. And was that filed via the Commission's
3 e-docket system on March 14, 2008?

4 A. Yes.

5 Q. And do you also have before you your
6 rebuttal testimony which is identified as rebuttal
7 testimony of Greg Rockrohr and is identified as ICC
8 Staff Exhibit 22.0 with attachments?

9 A. Yes.

10 Q. And that was filed with the Commission's
11 e-docket system on May 14, 2008, was it not?

12 A. Yes.

13 Q. And is the information contained in ICC
14 Staff Exhibits 10.0 and 22.0 and the accompanying
15 attachments true and correct to the best of your
16 knowledge?

17 A. Yes.

18 Q. And if you were asked the same questions
19 today, would the answers contained in your prepared
20 testimony be the same?

21 A. Yes.

22 MR. OLIVERO: Your Honors, at this time and

1 subject to cross-examination, I would ask for
2 admission into evidence of Mr. Rockrohr's prepared
3 direct testimony marked as ICC Staff Exhibit 10.0
4 including the attachments and Mr. Rockrohr's prepared
5 rebuttal testimony marked as ICC Staff Exhibit 22.0,
6 and I would then tender Mr. Rockrohr for
7 cross-examination.

8 JUDGE TAPIA: Thank you, Mr. Olivero.

9 We will rule on the admissibility
10 following cross-examination.

11 MR. STURTEVANT: Your Honors, we've split up
12 Mr. Rockrohr's issues, so I'm going to cross-examine
13 him on the issue of security cost and plant held for
14 future use. Mr. Casey is going to cross-examine him
15 about storm costs and NESC.

16 JUDGE TAPIA: Does staff have any objections
17 to that?

18 MR. OLIVERO: No, Your Honor.

19 JUDGE TAPIA: All right. Thank you.

20 MR. STURTEVANT: Good afternoon, Mr. Rockrohr.
21 My name is Albert Sturtevant. I'm an attorney for
22 the Illinois Ameren utilities.

1 CROSS-EXAMINATION

2 BY MR. STURTEVANT:

3 Q. I'd like to start off by referring to the
4 bottom of page 9 of your rebuttal testimony.

5 You state there that the capabilities
6 of the security systems identified in particular
7 certain AmerenCIPS security systems and other
8 locations seem extraordinary, is that correct?

9 A. Would you point to the line cite, please?

10 Q. Yes. I'm sorry.

11 Lines 196 through 201 of your rebuttal
12 testimony.

13 A. Yes, I see that.

14 Q. And so that's correct that you state that
15 the capabilities of these security systems are
16 extraordinary?

17 A. Seem extraordinary.

18 Q. Seem extraordinary. Thank you.

19 Did you compare these security systems
20 with any other non-Ameren owned utility security
21 systems in preparation for your testimony in this
22 case?

1 A. No specific locations.

2 Q. And then referring you to line 213, you
3 refer to the systems as expensive state of the art
4 systems, is that correct, on page 10 of your rebuttal
5 testimony?

6 A. That is correct.

7 Q. Your conclusion -- I'm sorry. Strike that.

8 Did you compare the cost of these
9 security systems with those of any other utility
10 systems?

11 A. As I stated, I did not compare them to any
12 other systems.

13 Q. Okay. And, in fact, your conclusion that
14 the systems are expensive is based only on the costs
15 listed in responses provided to you, data responses
16 provided to you by Ameren, is that correct?

17 A. That is correct.

18 Q. Turning to page 12 of your rebuttal, on
19 line 262, you state there on lines 262 to 264 that
20 the Ameren Illinois utilities have been unable to
21 demonstrate the need for these security systems. Is
22 that correct?

1 A. Yes.

2 Q. You've reviewed the rebuttal and
3 surrebuttal testimony of Ameren witness
4 Mullenschader, is that correct?

5 A. Yes.

6 Q. And in Mr. Mullenschader's rebuttal
7 testimony, he indicated that the purpose of the
8 security systems was to obtain an optimal level of
9 security coverage for Ameren, is that correct?

10 A. Do you have that cite?

11 Q. Yeah.

12 If you'd turn to Mr. Mullenschader's
13 rebuttal testimony, page 3, lines 46 and 47.

14 MR. OLIVERO: I'm sorry. What was that?

15 MR. STURTEVANT: Page 3 of Mr. Mullenschader's
16 rebuttal, Lines 46 and 47.

17 THE WITNESS: Yes, I see that statement.

18 Q. And Mr. Mullenschader also explained in his
19 surrebuttal testimony, and I'll give you the page
20 cite for that as well, on page 3 of his surrebuttal
21 beginning at line 59, Mr. Mullenschader also
22 explained that the purpose of the security systems

1 was to protect critical infrastructure. Is that
2 correct?

3 A. Yes, that's a good summary.

4 Q. And isn't it correct that Mr. Mullenschader
5 also indicated to you that -- again, I'll give you a
6 page reference; pages 4 and 5 of his surrebuttal, I
7 guess principally page 5, Lines 89 through 93.

8 Mr. Mullenschader also indicated to
9 you that the NERC guidelines, which I understand
10 stands for the North American Energy Resources
11 Council, required installation of certain security
12 improvements at Ameren sites, is that correct?

13 MR. OLIVERO: Can I ask you again, Bert, I'm
14 sorry to interrupt, but was that lines 89 through --

15 MR. STURTEVANT: Lines 89 through 93.

16 MR. OLIVERO: All right. Thank you.

17 THE WITNESS: I don't know that I'd agree with
18 your statement. Maybe you need to repeat the
19 question.

20 MR. STURTEVANT: Yeah. Let me repeat the
21 question.

22 Q. Mr. Mullenschader indicated in his

1 testimony that these NERC guidelines required
2 installation of certain security improvements at
3 Ameren's facilities, is that correct?

4 A. No, I don't believe that's correct. I'm
5 not certain that Mr. Mullenschader stated they were
6 required.

7 Maybe you could point out where he
8 says they're required.

9 Q. I'm looking at page 5 of
10 Mr. Mullenschader's surrebuttal beginning on line 89.

11 Mr. Mullenschader states there his
12 understanding that Section 4101 requires on-site
13 safeguards and that the utility follow the most
14 current security standards set forth by the NERC,
15 which I may have incorrectly referred to before. I
16 believe it's the National Electric Reliability
17 Council.

18 That was Mr. Mullenschader's
19 testimony, is that correct?

20 A. Yes, I see his reference.

21 Q. All right. By the time of the filing of
22 your rebuttal testimony, you had not examined the

1 NERC standards, is that correct?

2 A. That is correct.

3 Q. And, in fact, in preparing your testimony

4 on security systems, you did not rely on any

5 guidelines or guidance documents regarding utility

6 security systems, is that correct?

7 A. That is correct; only my own knowledge.

8 Q. And in fact, you did not rely on any texts,

9 treatises or publications regarding utility security

10 systems when you prepared your testimony, is that

11 correct?

12 A. That is correct.

13 Q. Your position is senior electrical engineer

14 at the Commission, is that correct?

15 A. That is correct.

16 Q. In your role as senior electrical engineer,

17 are you aware of the term critical infrastructure?

18 A. Yes.

19 Q. And do you understand the concept of

20 critical infrastructure to include certain of the

21 facilities of the Ameren Illinois utilities?

22 A. Yes.

1 Q. You would agree, would you not, that the
2 protection of critical infrastructure from terrorist
3 attack or criminal activity is necessary?

4 A. Some, yes.

5 Q. So the protection of some critical
6 infrastructure from terrorist attack is necessary and
7 criminal activity?

8 A. Yes.

9 Q. You would also agree, would you not, that
10 Ameren's customers would benefit from measures to
11 protect Ameren's critical infrastructure from a
12 terrorist attack, would you not?

13 A. Yes.

14 Q. And you would agree that protection of
15 Ameren's facilities, and I'm speaking facilities in
16 general, not necessarily critical infrastructure,
17 protection of Ameren's facilities from criminal
18 activity is also necessary. Would that be correct?

19 A. Certainly critical facilities, yes.

20 Q. And you would agree as a general matter
21 that Ameren's customers would benefit from measures
22 to protect Ameren's facilities from criminal

1 activity?

2 A. Yes.

3 Q. With respect to the statement that any
4 investment made by Ameren in state of the art
5 security systems would not be prudent, that statement
6 does not represent your position, is that correct?

7 A. That's correct.

8 Q. So is it your position that some investment
9 by Ameren in state of the art security systems would
10 be prudent?

11 A. Likely would be prudent.

12 Q. Okay. Mr. Rockrohr, you work in this
13 building, is that correct?

14 A. Yes.

15 Q. So you have occasion to enter and leave it
16 frequently?

17 A. Yes.

18 Q. And are you aware that the building has key
19 code/key pad entry systems where you type in a number
20 in order to gain access to the building?

21 A. Yes.

22 Q. And are you also aware that the building

1 has closed circuit television cameras to monitor at
2 least certain areas?

3 A. I am.

4 MR. STURTEVANT: Okay. Thank you,
5 Mr. Rockrohr.

6 I'd now like to move on to property
7 held for future use.

8 Just a second here.

9 (Pause)

10 MR. STURTEVANT: Your Honor, I have what I'm
11 marking Ameren Rockrohr Cross Exhibit 1.

12 (Whereupon Ameren Rockrohr Cross
13 Exhibit 1 was marked for
14 identification as of this date.)

15 Q. Mr. Rockrohr, what I've marked as Ameren
16 Rockrohr Cross Exhibit 1 is the response you prepared
17 to Ameren Illinois utility data request 25.03, is
18 that correct?

19 A. It looks right.

20 Q. And at the bottom, second to last paragraph
21 at the bottom of that exhibit, you modify a statement
22 to make it one that you would make, is that correct?

1 A. Correct.

2 Q. And the statement as you have modified it
3 is, "In general, the plant held for future use
4 component, cost component, allows a utility to
5 include property acquired for future utility service
6 in rate base if the utility can demonstrate that the
7 property will be placed in service within ten years
8 of the test year." Is that correct?

9 A. That's what it says, yes.

10 Q. And you agree with that statement, is that
11 correct?

12 A. Yes.

13 Q. Were you aware of this policy or position
14 that you just stated you agreed with at the time you
15 developed your direct testimony?

16 A. No.

17 Q. So you did not rely on that policy when you
18 were developing your initial recommendation in this
19 proceeding, is that correct?

20 A. That is correct.

21 Q. And you did not rely on any prior
22 Commission dockets or the decisions in any prior

1 Commission dockets in developing your initial
2 recommendation in this proceeding, is that correct?

3 A. That is correct.

4 Q. With respect to your position on the
5 Commission's practice of allowing property held for
6 future use in rate base, you do not know whether
7 every member of the Commission staff would agree with
8 your position, is that correct?

9 A. Certainly that's correct.

10 Q. And, in fact, your position represents your
11 own personal opinion?

12 A. Yes.

13 Q. You're not offering an opinion on behalf of
14 the staff?

15 A. That is correct.

16 Q. You would agree, would you not, that
17 property held for future use could assist a utility
18 in implementing its long-term plans, correct?

19 A. Yes.

20 Q. And you would also agree that a utility
21 must prudently plan for future electric load growth?

22 A. Yes.

1 Q. And would you agree that a utility's
2 prudent planning for future load growth would benefit
3 customers?

4 A. Yes.

5 Q. Do you agree that any utility plan for
6 placing a substation into service is contingent upon
7 factors such as availability of property, need for
8 various regulatory approvals, or the need to obtain
9 property rights or easements?

10 A. Yes.

11 Q. Turning I believe again to your rebuttal
12 testimony. I'll get a proper citation here. On page
13 6, I'm looking at lines 129 through 131, and you
14 state that Mr. Strawhun states that expected load
15 growth is dependent upon development along the I-255
16 corridor, is that correct?

17 A. Yes.

18 Q. And you also state, and now I'm looking on
19 the same page but up at lines 114 and 115, that the
20 rate of future load growth is largely unknown.

21 A. Yes.

22 Q. Okay. And lines 115 to 116 on page 6, you

1 state that load growth, rate of future load growth is
2 largely unknown because load growth depends upon new
3 development on the I-255 corridor, is that correct?

4 A. Yes.

5 Q. You reviewed Mr. Strawhun's rebuttal
6 testimony in preparing your rebuttal testimony, is
7 that correct?

8 A. Yes. That's where most of this information
9 came from.

10 Q. And I would direct you to Mr. Strawhun's
11 rebuttal at page 4, lines 78 through 80. Do you have
12 a copy there?

13 A. Yes, I do. It will just take me a moment
14 to find it.

15 MR. OLIVERO: Do you remember what exhibit
16 number that is, Ameren exhibit?

17 MR. STURTEVANT: Yes. It's 35.0.

18 MR. OLIVERO: Thank you.

19 THE WITNESS: Which page and line, please?

20 MR. STURTEVANT: It's page 4, lines 78 through
21 80.

22 Q. At those lines, Mr. Strawhun gives as an

1 example of anticipated load growth at a new ethanol
2 plant planned to be build at the old Jefferson
3 Smurfit site in Alton, is that correct?

4 A. Yes. It will be delayed. Yes, I see that.

5 Q. And down on line 85 at the bottom of the
6 page 4 going over to page 5, Mr. Strawhun also gives
7 another reason for anticipated load growth as certain
8 hospitals have indicated plans for expansions.
9 They're expected to increase load by 2 MVA, is that
10 correct?

11 A. Yes.

12 Q. So it would be correct that Mr. Strawhun
13 has given at least two other examples of sources of
14 load growth other than the extension of I-255, is
15 that correct?

16 A. Yes. One of the examples has an
17 uncertainty attached to it, and the other example is
18 of a load of 2 MVA.

19 Q. So the expected load growth however,
20 according to Mr. Strawhun, is not solely dependent on
21 extension of I-255, is that right?

22 A. That's correct.

1 Q. All right. And also on page 4, I believe
2 Mr. Strawhun also provided a chart of projected load
3 growth, is that correct?

4 A. Yes.

5 Q. So in total, it would be correct that
6 Ameren has provided at least three examples of
7 sources of load growth as well as a projection of
8 load growth, is that correct?

9 A. Yes. The chart that you're referring to
10 has inadequate information for me to state whether
11 the numbers have value when determining load growth
12 through 2030.

13 But, yes, the information was
14 provided.

15 Q. Okay. Referring to page 8 of your rebuttal
16 testimony, lines 166 through 174, it is not your
17 position that the Commission's policy of allowing
18 plant held for future use to be included in rate base
19 where the plant project is expected to be put in
20 service within ten years after the test year is based
21 on the estimated length of time between rate cases,
22 is that correct?

1 A. That is true.

2 Q. Okay. And referring to those same lines of
3 testimony, you are not proposing that the Commission
4 adopt a different standard for allowing plant held
5 for future use than the Commission has undertaken in
6 prior proceedings, is that correct?

7 A. I do not make that recommendation.

8 MR. STURTEVANT: Okay. I have no further
9 cross. Oh, sorry. I apologize. I do have one
10 additional question, Mr. Rockrohr.

11 THE WITNESS: That's okay.

12 Q. Regarding the chart on page 4 of
13 Mr. Strawhun's rebuttal testimony, you stated a
14 minute ago that the chart did not provide adequate
15 information, is that correct?

16 A. That is correct.

17 Q. But you did not ask for additional
18 information or further explanation in discovery
19 related to that chart, is that correct?

20 A. That's correct.

21 MR. STURTEVANT: Now I think I'm done. Thank
22 you.

1 JUDGE TAPIA: Before you proceed, I believe
2 Judge Albers has a question.

3 JUDGE ALBERS: I just have a question about the
4 property for the substation, just to keep it all in
5 one place in the transcript.

6 EXAMINATION

7 BY JUDGE ALBERS:

8 Q. On page 7 of your rebuttal, Mr. Rockrohr,
9 you indicated that the company provided you with a
10 drawing, and you refer to it as a confidential
11 drawing.

12 I don't know if the proportion of the
13 property that you anticipate using for the substation
14 is the confidential part or not, but that was the
15 part I have a question about.

16 So before I say anything else, is that
17 fraction there considered proprietary?

18 I assume not since it's in his public
19 testimony, but I just wanted to be sure.

20 MR. STURTEVANT: Are you referring to
21 Mr. Rockrohr's testimony?

22 JUDGE ALBERS: Yes page 7, line 150.

1 MR. STURTEVANT: I believe, I'm not sure, I
2 don't have the copy of that data response in front of
3 me, but I believe that the substation property
4 drawing probably in its entirety was marked
5 confidential.

6 JUDGE ALBERS: Okay. I can refer to the number
7 there then on that line.

8 Q. You indicate that it's your understanding
9 the substation would occupy about one-tenth of that
10 property?

11 A. That is correct.

12 Q. And then just so I'm clear, that's
13 one-tenth plus whatever would be necessary for
14 transmission facilities and just means of access?

15 A. That's correct.

16 Q. Okay. Do you have any sense of how much
17 more that would take?

18 A. I believe Ameren's right-of-way is on the
19 order of a hundred feet wide if I'm not mistaken, so
20 I would guess, and it's only a guess, a few acres,
21 not tens of acres.

22 Q. Okay. But as you said, you're just

1 guessing?

2 A. Yes.

3 JUDGE ALBERS: All right. That's it. Thank
4 you.

5 Mr. Casey, you can proceed.

6 MR. CASEY: Thank you, Your Honors.

7 Good afternoon, Mr. Rockrohr. Phil
8 Casey on behalf of the Ameren Illinois utilities.

9 CROSS-EXAMINATION

10 BY MR. CASEY:

11 Q. Is it your understanding that Central
12 Illinois Public Service Company, Central Illinois
13 Light Company, and Illinois Power Company have been
14 acquired by Ameren and that they are currently a part
15 of the Ameren Illinois utilities?

16 A. That's my understanding.

17 Q. Okay. And you understand that as part of
18 that acquisition, Commission approval for that
19 acquisition is required?

20 A. Yes.

21 Q. In your years at the Commission, did you
22 participate in any formal way in those proceedings,

1 those acquisition proceedings or approval proceedings
2 here at the Commission?

3 A. As I recall, I did have some involvement.

4 Q. Okay. And based on that involvement, were
5 you aware of the financial difficulty Central
6 Illinois Light Company or Illinois Power Company
7 faced immediately prior to Ameren's acquisition?

8 A. I couldn't recall them right now. I recall
9 that being discussed during the proceedings.

10 Q. I direct your attention to your rebuttal
11 testimony at lines 315 to 317, and therein you state:
12 Certainly, Ameren corporation could have made itself
13 aware of preexisting NESC violations simply by
14 inspecting some of the existing distribution
15 circuits."

16 Is that your testimony?

17 A. Yes, it is.

18 Q. Okay. Would you agree that there are over
19 45,000 miles of distribution circuits within the
20 Ameren Illinois utility system?

21 A. I can take your word for it. I couldn't
22 tell you that on my own.

1 Q. Would you accept it subject to check?

2 A. Yes.

3 Q. I know I look honest but...

4 A. Yes.

5 Q. Okay. And would you also agree that the

6 service territory covers approximately 40,000 square

7 miles?

8 A. Same answer.

9 Q. Just as an aside, 40,000 square miles,

10 would you agree subject to check it's equivalent to

11 the square miles of Massachusetts, Vermont, New

12 Hampshire, Connecticut, Delaware, Rhode Island, and

13 the District of Columbia?

14 MR. OLIVERO: Your Honor, I'm going to object.

15 I'm not really sure what the point of this is. I

16 think he's established with checking he could verify

17 the 40,000, but the comparison to the various states,

18 I'm not sure what that's gaining us.

19 JUDGE TAPIA: Your objection is relevance,

20 counsel?

21 MR. OLIVERO: Yes.

22 JUDGE TAPIA: Response?

1 MR. CASEY: Yes, Your Honor.

2 Mr. Rockrohr said that it would have
3 been easy for Ameren to identify certain conditions
4 in the system simply by taking a look.

5 The relevance here is the size of the
6 system which covers 45,000 square miles.

7 To put it in perspective, those states
8 were listed for the reader so they'd have a better
9 understanding of how expansive that system is.

10 MR. OLIVERO: Your Honor, just briefly, I think
11 the quote was from Mr. Rockrohr. Ameren Corporation
12 could have made itself aware of preexisting. I don't
13 think he said easily or anything of that nature.

14 MR. CASEY: We'll accept the testimony. He
15 states Ameren Corporation could have made itself
16 aware of preexisting NESC violations simply by
17 inspecting some of the existing distribution
18 circuits.

19 JUDGE TAPIA: I'm going to sustain the
20 objection. If you want to rephrase comparing it to
21 other states.

22 Q. BY MR. CASEY: Well, would you agree that

1 40,000 square miles is the approximate square mileage
2 of the country of Iceland?

3 A. I have no idea.

4 Q. Would you agree subject to check that there
5 are over one million distribution poles on the Ameren
6 Illinois utility system?

7 A. Same answer. I have no reason to doubt
8 that.

9 Q. And there's approximately the same amount
10 of cross-arms within the system? Would you agree to
11 that subject to check?

12 A. Same answer.

13 Q. In your direct testimony at lines 252 to
14 254, you indicate that staff has performed annual
15 inspections of each of the Ameren Illinois utilities
16 electric distribution system for many years.

17 Is that correct?

18 A. I apologize. I've got to have the -- give
19 me that cite one more time.

20 Q. Sure. No problem.

21 In your direct testimony at lines 252
22 to 254.

1 A. Okay. I'm there.

2 Q. And in that sentence, did you indicate that
3 staff had performed annual inspections -- I'm
4 paraphrasing here -- for many years?

5 A. Yes.

6 Q. And those inspections, did they result in a
7 report?

8 A. Yes.

9 Q. Generally speaking, is that referred to as
10 an assessment and reliability report?

11 A. Yes.

12 Q. Okay. Can you tell me how long has the
13 Commission been conducting annual inspections of the
14 three utilities?

15 A. I'm aware of approximately since 2000. I
16 do not know whether they were conducted prior to
17 that.

18 Q. Is there anybody on staff who would know?

19 A. Perhaps Mr. Buxton, the engineering
20 manager.

21 Q. And do you know who directs the annual
22 inspections? Is that Mr. Buxton?

1 A. Who directs them?

2 Q. Who's in charge of conducting the annual
3 inspection?

4 A. The individual staff member who is assigned
5 to that particular utility in a given year.

6 Q. Okay. So there is one staff member that
7 conducts an annual inspection for Illinois Power?

8 A. Typically one staff member would inspect a
9 given number of utilities, so Illinois Power would be
10 assigned -- if that's your question. There would not
11 be multiple staff members assigned to the same
12 utility if that's what you were getting at.

13 Q. Okay. And as part of that inspection, I
14 assume that means that there are field visits done by
15 the inspector?

16 A. Yes.

17 Q. How many field visits are there that make
18 up an inspection of a utility? Is there a set
19 amount?

20 A. No.

21 Q. Okay. It varies?

22 A. It can vary.

1 Q. In your experience, is there more than one
2 field visit made by an inspector per utility?

3 A. Yes.

4 Q. In your experience, is it more than two?

5 A. Yes. To give you a brush, it's somewhere
6 between, depending on the size of the utility,
7 between maybe three and forty.

8 Q. And those are inspections that are done in
9 furtherance of the staff's assessment and reliability
10 report?

11 A. Yes. It's to gain information for the
12 report.

13 Q. Are there other inspections made other than
14 the field inspections for the assessment reliability
15 report? For example, are inspections made after
16 severe storms?

17 A. They might be. I would not say that they
18 couldn't occur.

19 Q. In your personal experience, have you
20 inspected a utility system for anything other than
21 the furtherance of the annual assessment and
22 reliability report?

1 A. Yes. There's occasions sometimes if a --
2 there's complaints about tree trimming, things like
3 that.

4 If a particular customer has some
5 issues with reliability, a staff member might look at
6 the distribution circuit that supplies that customer.

7 Q. I direct your attention to line 440 of your
8 direct testimony, and therein you indicate that the
9 NESC violations were documented after a staff
10 inspection in the summer of 2007.

11 I'm sorry. Are you there?

12 A. Yes.

13 Q. Okay. Do you see that?

14 A. Yes. I think I say during the summer of
15 2007, not after.

16 Q. You're absolutely correct. It was during
17 the summer of 2007. That's what your testimony says.

18 And had staff published a report prior
19 to that inspection in the summer of 2007 that
20 published or raised the concern regarding down guys
21 or overhead guys being improperly grounded or
22 insulated prior to Ameren's acquisition of the three

1 Illinois electric utilities?

2 A. I can't answer with certainty.

3 Q. So is your answer that you don't know?

4 A. Yes.

5 Q. If there had been findings within the

6 staff's assessment and reliability report, would you

7 have concluded those findings within your testimony?

8 A. In this testimony?

9 Q. In this testimony.

10 A. Probably. It's a speculative answer,

11 question and answer.

12 Q. Would that information have been relevant

13 in forming your opinion and your recommendations in

14 your testimony? That is, had there been prior

15 reports of NESC violations of those types?

16 A. No, it would not have affected my position.

17 Q. All right. Your testimony does discuss

18 your position with respect to the recovery of repairs

19 for NESC violations, is that correct?

20 A. Certain NESC violations, yes.

21 Q. Thank you.

22 And within the testimony, you indicate

1 or you point out, excuse me, you cite the
2 Commission's rules that incorporate the NESC, and
3 that's the National Electric Safety Code.

4 To be specific, you do that in your
5 testimony at lines 430 through 432.

6 Is that accurate, or, I'm sorry, is
7 that correct?

8 A. Yes.

9 Q. In there, you reference Part 305 of the
10 Commission's rules?

11 A. Yes.

12 Q. Further in your direct at lines 437 to 438
13 of your direct testimony, you state that the NESC
14 violations are relevant to this proceeding because
15 the costs associated with correcting NESC violations
16 that exist due to improper initial construction
17 should be disallowed from rates.

18 Is that your testimony?

19 A. Yes.

20 Q. Is it also your testimony that your concern
21 is that the Ameren Illinois utilities intend to
22 charge customers to reconstruct facilities that they

1 initially constructed improperly and that if this
2 occurs, the customer rather than the utility would
3 bear all the consequence for the Ameren Illinois
4 utilities initial construction errors.

5 Is that your testimony at lines 494 to
6 497?

7 A. 490?

8 Q. 494.

9 A. Okay.

10 MR. OLIVERO: This is still his direct
11 testimony?

12 MR. CASEY: Yes.

13 A. Yes, with the caveat that the word they
14 refers to the utility companies, Central Illinois
15 Light Company, Central Illinois Public Service, and
16 Illinois Power, regardless of who owns them.

17 Q. Okay. In your testimony, do you define the
18 term they?

19 A. I don't see that I do.

20 Q. And in your testimony, rather than a
21 definition of they, do you, in your direct testimony,
22 do you -- strike that.

1 To your knowledge, are there any guy
2 wires installed by the three Ameren Illinois
3 utilities after acquisition by Ameren that do not
4 meet the NESC standards?

5 A. I couldn't say with certainty the date of
6 installation. That would be hopefully within the
7 individual Ameren companies records as to when those
8 were installed.

9 Q. In your recommendation in this case, you
10 make no distinction about when or who actually made
11 the initial improper installation, is that correct?

12 A. That's correct.

13 Q. Did you have an opportunity to review the
14 surrebuttal testimony of Mr. Ron Pate, Exhibit
15 No. 62?

16 A. Yes, I have.

17 Q. I direct your attention to lines 98 to 100.

18 MR. OLIVERO: What number is that again,
19 Mr. Casey?

20 MR. CASEY: It's Ameren Exhibit 62, page 5,
21 lines 98 through 100.

22 MR. OLIVERO: Okay. Thank you.

1 Q. BY MR. CASEY: Did you have an opportunity
2 to read those lines, Mr. Rockrohr?

3 A. Yes.

4 Q. And based on the company's testimony, is it
5 fair to characterize that that passage is that the
6 company's proposal is that they be willing to or
7 indicates they would be responsible for bearing the
8 costs associated with any violations occurring after
9 their ownership?

10 A. That's what this says, yes.

11 Q. So despite the company's willingness to
12 bear responsibility for the actions it had taken
13 after it became an owner, it's still your position
14 that they should also bear the financial cost of
15 actions taken by prior owners.

16 Is that your testimony?

17 A. Yes.

18 Q. Now, you said before that you're familiar
19 with Part 305 of the Commission's rules. In fact,
20 you cite it within your testimony, your direct
21 testimony.

22 You reference it at line 430 of your

1 direct testimony.

2 Is there any -- I'm sorry. You are
3 familiar with Part 305?

4 A. Yes.

5 Q. Is there any directive within that rule
6 that states recovery for repairs due to NESC
7 violations initially constructed by preceding utility
8 owner shall be excluded from rate recovery for costs
9 incurred, excuse me, for replacement costs incurred
10 by a subsequent owner?

11 A. I don't recall seeing that code part.

12 Q. If I were to show you Part 305, would that
13 refresh your recollection?

14 A. Probably.

15 MR. CASEY: Okay. Your Honor, may I?

16 JUDGE TAPIA: Yes.

17 MR. CASEY: Your Honors, I have not identified
18 this as a cross exhibit. Based on my prior
19 observation and since there was a Commission rule, we
20 would be seeking to admit it anyhow. I can identify
21 it as a cross exhibit if you'd like.

22 JUDGE TAPIA: Please, yes.

1 (Whereupon an off-the-record
2 discussion transpired between
3 the judges.)

4 JUDGE ALBERS: No, you don't need to.

5 MR. OLIVERO: Mr. Casey, is there a certain
6 part you want to direct Mr. Rockrohr's attention to?

7 MR. CASEY: Well, there isn't because I'm
8 looking to see whether or not there's anything within
9 that particular rule that states recovery for repairs
10 due to NESC violations initially constructed by a
11 preceding utility owner shall be excluded from rate
12 recovery for replacement costs incurred by a
13 subsequent owner.

14 A. No this rule doesn't count on them changing
15 ownership.

16 Q. In fact, Section 305.130 actually provides
17 for utilities to be exempt from NESC violations, is
18 that correct?

19 A. You'd have to point me to that.

20 Q. Section 305.130.

21 A. Yes, this appears to provide for a
22 utility's exemption when they come in and present

1 evidence.

2 Q. Okay. In Section 305.40, Subsection A,
3 isn't it true that that section provides for waivers
4 from the application of the NESC or allows the
5 Commission to modify those rules?

6 A. Yes.

7 Q. So is it fair to say the Commission --

8 A. Excuse me. If it approves equivalent
9 safety numbers.

10 Q. I direct your attention to lines 77 through
11 88 of your direct testimony.

12 A. 77?

13 Q. Yes.

14 A. Okay.

15 Q. Are you there?

16 A. Yes.

17 Q. In there, you, as part of your prudence
18 analysis -- strike that.

19 At that location, you begin your
20 analysis of plant additions associated with electric
21 operations, is that correct?

22 MR. OLIVERO: I'm sorry, Mr. Casey. Where are

1 you at again?

2 MR. CASEY: It's lines 77 through 88,
3 Mr. Rockrohr's direct, page 4. It's within
4 Subsection 2, plant additions associated with
5 electric operations.

6 MR. OLIVERO: Okay. Thank you.

7 THE WITNESS: It's not the very beginning but
8 it's towards the beginning.

9 MR. CASEY: Correct.

10 Q. And did you, well, at those lines you set
11 forth the prudence standard if you will, is that
12 right?

13 A. Yes, I describe how the Commission has
14 previously defined prudence.

15 Q. And did you use that definition when you
16 discussed or when you analyzed plant additions
17 associated with electric operations?

18 A. Yes. That was my goal.

19 Q. However, you didn't use that analysis,
20 prudency analysis for the replacement of guy wires,
21 did you?

22 A. No, I didn't refer to this definition.

1 Q. And had you provided a prudency analysis,
2 would you have considered other factors including
3 decision-making process of the company when it incurs
4 the costs?

5 A. Yes.

6 Q. But you didn't do that here, did you?

7 A. Certainly.

8 Q. With respect to -- so your testimony today
9 is that you did use a prudency examination or a
10 prudency analysis when forming your recommendation to
11 bar future recovery for certain NESC violations?

12 A. No. My testimony is that the company must
13 correct those violations.

14 Q. So in your examination or in forming your
15 recommendation, rather than employing a prudency
16 test, you looked to the past to find past behavior,
17 i.e., the initial improper construction to be the
18 reason that the proposed correction should be
19 disallowed, is that correct?

20 A. I'm going to have to ask you to repeat the
21 question.

22 Q. Sure. I'll see what I can do there.

1 Rather than employing the prudence
2 test for the certain NESC violations, you chose or
3 you selected or looked backwards for past behavior of
4 initial improper construction as a reason for
5 proposing a disallowance?

6 A. The prudence test that I used was for plant
7 additions. It wasn't for modifying existing
8 facilities for NESC corrections. It's not a
9 consistent application.

10 Q. Throughout your direct testimony, when
11 discussing your recommendation or your finding, you
12 use the term improper initial construction or a
13 phrase similar to that, initial improper construction
14 at lines 437, 495, and 505.

15 Do you see that?

16 A. Are we on direct or rebuttal?

17 Q. I'm sorry. We're still on direct. We
18 haven't gone to rebuttal yet.

19 A. 435?

20 Q. 437.

21 A. Yes, I see that.

22 Q. And do you see it at 495?

1 A. Yes.

2 Q. And how about 505?

3 A. There it is again, yes.

4 Q. All right. You have your recommendation --
5 excuse me.

6 Do you know what the amount, dollar
7 amount is for the adjustment that would be made based
8 on your recommendation in this particular proceeding?

9 A. Not without looking.

10 In this proceeding, I believe it was
11 quite small.

12 Q. Less than \$50,000?

13 A. I'm uncomfortable speculating. I don't
14 recall.

15 Less than a hundred thousand I would
16 think.

17 Q. If your recommendation to bar recovery from
18 any future replacement costs was ordered, do you have
19 any idea what the monetary effect would be of that
20 proposal?

21 A. My understanding based on Ameren's
22 estimates is that it's in the tens of millions.

1 Q. And I want to be clear.

2 You are suggesting that the work needs

3 to be done to correct the NESC violations, is that

4 right?

5 A. That is correct.

6 Q. I direct your attention to storm costs,

7 storm response costs inquiry.

8 A. All right.

9 Q. Do you recall using the terms -- well,

10 before I ask, let me double check.

11 (Pause)

12 Q. Do you recall using the terms poorly

13 maintained or deteriorated when describing the

14 condition of some parts of the AIU system?

15 A. I'd need you to point me to the line.

16 Q. Okay. In your rebuttal testimony,

17 Attachment H, you have several photographs, 31

18 photographs I believe to be precise.

19 On page 4, you indicate there's a

20 badly deteriorated broken cross-arm.

21 A. Okay.

22 Q. The term deteriorated, is it quantifiable?

1 That is...

2 Well, how would you define
3 deteriorated?

4 A. When I am inspecting a distribution line,
5 if I see facilities that are in a condition due to
6 age, lightning strike, broken insulators due to
7 flashing, flashover...

8 Q. Well, let me ask you this because I did
9 find the cite. It's at your rebuttal, page 18, line
10 379.

11 There you use poorly maintained and/or
12 deteriorated.

13 Are they interchangeable? Are they
14 one in the same?

15 A. No. That's why I say and/or.

16 Q. Okay. Can you define for me the difference
17 between poorly maintained and deteriorated?

18 A. Oh, sure.

19 A deteriorated pole might look
20 something like the pole that you just pointed us to.

21 A poorly maintained line might not
22 have been, the trees might not have been trimmed for

1 an extended period of time so that you have contacts.

2 The facilities themselves are in good
3 shape, but an outside influence is contacting them or
4 could potentially.

5 Q. So poorly maintained as a result of some
6 outside influence?

7 A. Could be, yes.

8 Another example might be in an
9 underground system, the utility might not clean out
10 their underground vaults, so that when maintenance
11 needs to be performed on an underground switch or
12 transformer, the operations can't occur until the mud
13 is removed from the enclosure, thereby lengthening
14 the duration of the interruption.

15 Q. The example that you provided, is there a
16 photograph of that kind of poorly maintained system?

17 A. The staff does not and has not historically
18 inspected underground systems. That was an example
19 that I gave you to illustrate.

20 Q. So there isn't a photograph of that
21 condition?

22 A. No, no.

1 Q. Okay. At lines 383 through 385 of your
2 rebuttal testimony, there you state, "The condition
3 of the facilities -- that would be the Ameren
4 Illinois utilities facilities -- may be a
5 contributing factor of storm costs but are not the
6 sole cause of that."

7 Is that your testimony?

8 A. Yes. Poorly maintained and/or deteriorated
9 facilities contribute to higher storm costs.

10 Q. Can you tell us how much of a contributing
11 factor does a poorly maintained or deteriorated
12 condition play on a facility?

13 A. I think elsewhere in my testimony, I state
14 that it would be impossible for any individual to
15 determine the exact amount.

16 Q. I think you're right. I think if we were
17 to take a look in your direct testimony at the
18 beginning of line 276, you indicate that you do not
19 believe the utility, staff, or any other entity can
20 after the fact determine with certainty what
21 percentage of the Ameren Illinois utility storm
22 response costs during 2006 and the first seven months

1 of 2007 were actually attributable to poorly
2 maintained and deteriorated distribution facilities
3 rather than the storms themselves.

4 Is that your testimony?

5 A. Yes.

6 Q. I'm sure you could have said it better than
7 I.

8 And do you also indicate that the
9 storms in 2006 and 2007 were so severe that they'd
10 likely have caused significant damage regardless of
11 the condition of the distribution facilities?

12 A. Yes, some of them, two of them; the ice
13 storm and a wind storm in July I think it was.

14 Q. The company's storm cost proposal is
15 limited only to damages caused by significant storm
16 occurrences, is that correct?

17 A. Actually, it was my understanding that that
18 proposal was modified.

19 Q. In what way?

20 A. My understanding was that in the initial
21 proposal, the Ameren utilities wished to amortize the
22 2006/2007 storms exceeding one million dollars for

1 the combined companies over a five-year period, and
2 it included the unamortized amounts in rate base, and
3 that's what prompted my testimony.

4 My understanding of Mr. Stafford's
5 surrebuttal testimony was that the Ameren companies
6 have now modified that proposal.

7 Q. And how did they modify it?

8 A. My understanding is that the Ameren
9 companies have agreed to normalize storm costs over a
10 six-year period and proposed that normalized amount
11 in the existing rate proceeding.

12 Q. And what's your position with respect to
13 the company's position?

14 A. With that proposal?

15 Q. Correct.

16 A. I do not object to that proposal.

17 Q. Can you go back to Attachment H, the
18 photos? That's in Staff Exhibit 22, your rebuttal
19 testimony.

20 A. Okay.

21 Q. Is Attachment H a collection of photos from
22 the three different utilities distribution system

1 over a course of time from 2006 to 2007?

2 A. Specifically these photos are photos taken
3 during staff's inspections and that were included in
4 the reliability assessment reports that the
5 Commission later adopted.

6 Q. So is my time frame incorrect?

7 A. Your time frame -- I have to think about it
8 a moment because there's a lag. Yes, your time frame
9 is correct.

10 Q. And contained -- well, I'll ask you this
11 subject to check.

12 The photos contain approximately 16
13 photos of poles and 18 are of cross-arms or they
14 depict what you believe are deteriorated or poorly
15 maintained conditions.

16 Do you accept that?

17 A. Yes.

18 Q. Is it your opinion that the distribution
19 systems of the three Illinois utilities are poorly
20 maintained and deteriorated?

21 A. My position is that portions of them were
22 the last time they were inspected by staff members.

1 Q. Okay. Well, of the photos of the 16 poles
2 that are included in your Attachment H and you've
3 agreed subject to check that there are approximately
4 over a million of such poles, do you believe that the
5 16 poles have any, the photos of 16 poles have any
6 statistical significance?

7 A. Oh, no. I don't believe that there can be
8 a statistical relationship made between the photos
9 that staff, the numbers of photos that staff includes
10 to the entire system.

11 The point of this exercise was simply
12 to show that some facilities exist in each company's
13 operating area.

14 Q. Okay. So the same would hold true of the
15 18 photos of the cross-arms or braces that you felt
16 were poorly maintained or deteriorated. Those photos
17 do not have any statistical significance; correct?

18 A. My statement is I don't know whether they
19 would or wouldn't I guess because we would have to
20 look at every pole in the system to verify. I'm not
21 willing to do that.

22 Q. Not all 40,000 or, excuse me, 1.1 million

1 of them?

2 A. Correct.

3 MR. CASEY: That's all I have.

4 JUDGE ALBERS: Thank you.

5 Mr. Olivero, any redirect?

6 MR. OLIVERO: If we could just have a few

7 minutes, Your Honor.

8 JUDGE TAPIA: Sure.

9 (Recess taken.)

10 JUDGE TAPIA: We'll go ahead and go back on the

11 record, Mr. Olivero.

12 MR. OLIVERO: Yes. Thank you.

13 Mr. Rockrohr, just a few follow-up

14 questions.

15 REDIRECT EXAMINATION

16 BY MR. OLIVERO:

17 Q. Calling your attention to page 15 of your

18 surrebuttal testimony, lines 315 through 317, I'm

19 sorry, your rebuttal testimony.

20 MR. CASEY: I'm sorry, Jim. What was the line

21 number?

22 MR. OLIVERO: 315 through 317.

1 MR. CASEY: Okay.

2 Q. BY MR. OLIVERO: Mr. Casey had directed you
3 to a line where it said, "Certainly, Ameren
4 Corporation could have made itself aware of
5 preexisting NESC violations simply by inspecting some
6 of the existing distribution circuits."

7 What did you mean by that statement?

8 A. Staff became aware that there was a problem
9 by inspecting just a few circuits and asked Ameren to
10 inspect some additional circuits in their system to
11 find out how widespread that problem was.

12 So my statement was intended to
13 indicate that it would be possible to get a feel for
14 how widespread the problems were by doing an
15 inspection of some.

16 Q. And I want to call your attention to, there
17 was reference made to the security guidelines, the
18 NESC, I'm sorry, NERC security guidelines.

19 What is your understanding of these
20 NERC guidelines for security systems?

21 A. Based on my reading of those guidelines, my
22 understanding is that NERC provided a set of security

1 guidelines that utilities should follow for critical
2 infrastructure, and in that guideline, they provide a
3 pick list of different security features, everything
4 from padlocks to closer to television cameras, and
5 it's up to the utility to determine what level to
6 install.

7 Q. Thank you.

8 Now, calling your attention to your
9 rebuttal testimony on page 9 on to page 10, you were
10 asked questions by Mr. Casey regarding the
11 capabilities of security systems AmerenCIPS installed
12 at Marion, Mattoon, Beardstown properties as
13 described by Mr. Mullenschader seem extraordinary.

14 What did you mean when you used that
15 description?

16 A. I have 18 years of experience at Civic Gas
17 & Electric and three and a half years at Northern
18 Indiana Public Service Company, and the security
19 systems described in Mr. Mullenschader's testimony
20 were far in excess to what my experience was when
21 working at those utilities for similar facilities.

22 Q. Thank you.

1 Could you further explain your
2 position on allowing costs for the substation
3 property?

4 A. Yes.

5 As I tried to explain in my rebuttal
6 testimony, my concern relates to the demonstration
7 that the property will be utilized within the
8 ten-year period from the filing of the rate case
9 which is basically then my understanding of the
10 Commission's past practice.

11 Just announcing an intention to
12 utilize a piece of property, and at that, not the
13 entire parcel of property, is why I am opposing --
14 oh, I'm sorry.

15 Without a clear demonstration of the
16 actual use of the property is why I was opposing that
17 parcel in the rates.

18 Q. And then with regard to your rebuttal
19 testimony, your Attachment H which includes the
20 photographs that Mr. Casey had referenced you to,
21 what would those photos in Attachment A there show?

22 A. Those are simply intended to show examples

1 of deteriorated facilities on each of Ameren Illinois
2 utilities operating areas after the Ameren
3 Corporation took ownership of the three companies.

4 MR. OLIVERO: Okay. That's all we had, Your
5 Honor.

6 JUDGE TAPIA: Thank you.

7 Mr. Sturtevant, any recross?

8 MR. STURTEVANT: If I could have just a minute.

9 (Pause)

10 MR. CASEY: Your Honor, if I may, I'll just go
11 first.

12 JUDGE TAPIA: Sure.

13 MR. CASEY: I just have a couple pretty limited
14 in scope.

15 RECROSS-EXAMINATION

16 BY MR. CASEY:

17 Q. Mr. Rockrohr, Mr. Olivero referenced you
18 back to line 315 of your rebuttal.

19 In response to his question, I believe
20 you stated that staff became aware of the situation.

21 Does that ring a bell?

22 A. Regarding NESC violations?

1 Q. Correct.

2 A. Yes.

3 Q. When did staff become aware?

4 A. 2007. I couldn't give you an exact month.

5 Q. And when did staff communicate to Ameren

6 officials that they became aware of the certain NESC

7 violations?

8 A. Fairly soon after we became aware.

9 Again, I'm sorry, I can't give you the

10 month.

11 Q. I got the impression from Mr. Olivero's

12 question that staff communicated the problems, but

13 the company didn't do anything about it.

14 A. I didn't interpret that from my answer or

15 from his question, and I don't think that was the

16 case.

17 Q. With respect to Attachment H, the photos,

18 again, it was your intent just to show deteriorated

19 facilities, correct?

20 A. Yes. Frankly, Attachment H was in response

21 to rebuttal testimony of Ameren witness Pate who

22 stated that he was unaware of any deteriorated

1 systems on the Ameren systems, and so I went to those
2 assessments and just copied those photos.

3 Q. Were any of those photos taken after the
4 two severe storms of 2006 and 2007?

5 A. I'm sorry. I don't know.

6 Q. Okay. If I direct your attention to page 2
7 of 13 of Attachment H.

8 A. Uh-huh.

9 Q. There is a paragraph narrative there of
10 when staff took the photos.

11 A. Okay. It says during 2007. Okay.

12 So that would have been after the 2006
13 storms.

14 Q. And that was for the Central Illinois Light
15 Company assessment. I believe that's what that
16 paragraph goes on to describe.

17 A. Yes.

18 Q. On page 1, those four photos, do you know
19 when those were taken?

20 A. In the same vein. It's during 2006.

21 Q. The year earlier?

22 A. I don't know the exact month. Sometime

1 between March and September would be my guess.

2 Q. And then for the AmerenCIPS territory on
3 page 6?

4 A. That states during 2006.

5 Q. And so some of the photos identified the
6 condition as a result of lightning, correct?

7 A. Yes. There are poles that show lightning
8 damage.

9 Q. And could that lightning damage be a result
10 of recent storms of 2006 and 2007?

11 A. It's possible.

12 That's fairly difficult to tell unless
13 you're there and looking at the color.

14 The color of the damage can help
15 identify how recent the incident occurred.

16 MR. CASEY: I don't have anything further.

17 JUDGE TAPIA: Mr. Sturtevant?

18 MR. STURTEVANT: I have a couple additional
19 questions, Your Honor.

20 RECROSS-EXAMINATION

21 BY MR. STURTEVANT:

22 Q. Mr. Rockrohr, do you recall earlier in your

1 cross-examination that you told me that you had not
2 performed a comparison of Ameren's security systems
3 to that of other utilities?

4 A. I do.

5 MR. OLIVERO: Objection, Your Honor. I believe
6 that's beyond the scope of redirect.

7 MR. STURTEVANT: Well, I'll get to the
8 connection in a minute, Your Honor, with my next
9 question.

10 JUDGE TAPIA: I'll allow the question.

11 MR. STURTEVANT: Okay.

12 Q. And you I believe, if I understand
13 correctly, in response to Mr. Olivero's redirect
14 indicated that your conclusion that the security
15 systems at Ameren were extraordinary was based in
16 part on the idea that it was above and beyond what
17 you'd seen at utilities where you'd previously
18 worked.

19 Is that an accurate characterization
20 of your --

21 A. For similar facilities, yes.

22 Q. So are you changing your testimony that you

1 did not perform comparison between Ameren and other
2 utilities?

3 A. I don't see that as a change in my
4 testimony. I'm looking at my own experience. I'm
5 not doing an outside research, conducting any outside
6 research.

7 Q. Okay. Also with respect to your response
8 on redirect about your experience at other utilities,
9 I'd like to present you with what I've marked as
10 Ameren Cross Exhibit Rockrohr 2.

11 (Whereupon Ameren Cross Exhibit
12 Rockrohr 2 was marked for
13 identification as of this date.)

14 Q. Mr. Rockrohr, what I've marked as Ameren
15 Cross Exhibit Rockrohr 2, that's your response to
16 Ameren Illinois utility data request 27.01, is that
17 correct?

18 A. Yes.

19 Q. And that response says that your basis for
20 the conclusion that the capability of Ameren's
21 security systems are extraordinary is the description
22 of the security systems in Mr. Mullenschader's

1 Rebuttal Exhibit 33.0 and the response to staff data
2 request GER 4.7.

3 Is that an accurate characterization?

4 A. Yes, uh-huh.

5 MR. STURTEVANT: Okay. Thank you.

6 I have nothing further, Your Honor.

7 JUDGE TAPIA: Mr. Sturtevant and Mr. Casey, do
8 you have any objection to the admission of the direct
9 testimony of ICC Staff Exhibit 10.0 with the
10 attachments along with Exhibit 22.0 with the
11 attachments in regards to Mr. Rockrohr's testimony?

12 MR. STURTEVANT: No, I have no objection.

13 JUDGE TAPIA: Then they will be admitted into
14 evidence; that is, Mr. Rockrohr's direct testimony
15 identified as ICC Staff Exhibit 10.0 with attachments
16 and 22.0 with attachments.

17 (Whereupon ICC Staff Exhibits
18 10.0 with attachments and & 22.0
19 with attachments were admitted
20 into evidence at this time.)

21 JUDGE TAPIA: Mr. Sturtevant, are you moving to
22 admit Ameren Rockrohr's Cross Exhibit 1 and 2?

1 MR. STURTEVANT: I would like to move to admit
2 Ameren's Cross Exhibit Rockrohr 2 only.

3 JUDGE TAPIA: Any objection to the admission of
4 Ameren Rockrohr's Cross Exhibit No. 2?

5 MR. OLIVERO: No, Your Honor.

6 JUDGE TAPIA: Thank you. It will be admitted
7 into evidence.

8 (Whereupon Ameren Rockrohr's
9 Cross Exhibit 2 was admitted
10 into evidence at this time.)

11 JUDGE ALBERS: You don't seek the admission of
12 Cross Exhibit 1?

13 MR. STURTEVANT: No.

14 JUDGE TAPIA: Thank you, Mr. Rockrohr. You're
15 excused.

16 (Witness excused.)

17 JUDGE TAPIA: I believe that's our last
18 witness?

19 MR. OLIVERO: Yes, for today.

20 JUDGE TAPIA: Thank you.

21 Anything we need to discuss before we
22 go off the record?

1 JUDGE ALBERS: Anything else to take care of
2 today?

3 MR. STURTEVANT: Back at 9 tomorrow?

4 JUDGE TAPIA: Yes, 9 'clock tomorrow.

5 Thank you all.

6 (Whereupon the hearing was
7 continued to June 13, 2008 at
8 9:00 a.m.)

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